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**NOTE**

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# GOVERNMENT AND ADMINISTRATION

## Prorogation and Opening of Parliament

### REVIEW OF THE LAST SESSION

**The Queen's speech on the prorogation of Parliament, summarising the work of the session, was delivered to both Houses of Parliament by the Lord Chancellor on 16 November.**

The text of the speech[1] (with references to *Survey of Current Affairs* coverage in parentheses) is as follows:

*My Lords and Members of the House of Commons,*

*The Duke of Edinburgh and I were pleased to receive the State Visits of His Excellency the President of the Federal Republic of Nigeria and Mrs. Babangida in May and His Highness the President of the United Arab Emirates in July. We were pleased to receive the visit in June of Her Majesty The Queen of the Netherlands and His Royal Highness Prince Claus of the Netherlands to mark the conclusion of the William and Mary Tercentenary. We were also pleased to receive His Excellency the General Secretary and President of the Union of Soviet Socialist Republics and Mrs. Gorbachev in April, and the President of the United States of America and Mrs. Bush in June.*

*We recall with pleasure our visit to Barbados in March to mark the 350th Anniversary of the House of Assembly there. We remember with satisfaction our State Visits last month to Singapore and Malaysia, where I was also present on the occasion of the Commonwealth Heads of Government meeting in Kuala Lumpur* [see pp 409-22].

*My Government have continued to play an active role in the important improvement which has taken place in relations between East and West, and particularly in the negotiations which led to the successful conclusion of the Vienna Review Conference on Security and Co-operation in Europe* [see pp 43-9].

*My Government have welcomed and encouraged the significant and liberalising changes which have taken place in Poland and Hungary, and in the Soviet Union* [see pp 453-6].

*My Government have continued to improve the United Kingdom's defences. They have played a full part in the North Atlantic Treaty Organisation* [see pp 222-30], *and have promoted United Kingdom and Western security interests outside the NATO area* [see pp 172-80].

[1] *Hansard*, Vol 162, No 176, cols 456-8.

*My Government have continued to work for the achievement of balanced and verifiable arms control agreements. They have played a full part in the Vienna negotiations on reducing conventional forces in Europe* [see pp 90-2] *and in the talks in Geneva on the abolition of chemical weapons* [see pp 263-4]. *They have continued to co-operate with the United States over the removal of cruise missiles from the United Kingdom under the terms of the treaty between the United States and the Soviet Union on intermediate range nuclear forces* [see pp 9-11, 1988].

*My Government have continued to play a full and active role in progress towards the completion of the European Community's single market, and have encouraged business to prepare for the opportunities and challenges that this presents. They have, with our European Community partners, reaffirmed their commitment to the progressive realisation of economic and monetary union, and agreed that its first stage should begin on 1 July 1990* [see pp 271-2]. *They have, with our European Community partners, established a Court of First Instance attached to the European Court of Justice. They have continued to play a full part in multilateral negotiations designed to liberalise international trade.*

*My Government have welcomed the completion of the Soviet troop withdrawal from Afghanistan, and have continued to work for the restoration of that country's independence and non-aligned status* [see pp 94-5]. *They have contributed to the implementation of the United Nations plan for Namibian independence* [see pp 95-6].

*My Government have welcomed the return of Pakistan to the Commonwealth.*

*My Government have maintained a substantial overseas aid programme to developing countries, including emergency assistance to alleviate the effects of natural disasters in many parts of the world* [see pp 378-9].

*My Government have continued their vigorous efforts to combat international terrorism* [see pp 404-8, 1988]. *They have signed, subject to ratification, a new United Nations convention against illicit traffic in narcotic drugs and psychotropic substances* [see p 15]. *They have concluded reciprocal agreements or arrangements with a further seven Governments to combat trafficking in drugs* [see p 434].

*My Government, together with our Western partners, have taken measures to express their concern at the suppression of the democracy movement in*

*China* [see pp 232-4]. *They have worked to restore confidence in Hong Kong, building on the foundation of the Sino-British Joint Declaration* [see pp 267-70]. *My Government have stood by their commitment to the people of the Falkland Islands, while making good progress in normalising relations with Argentina* [see pp 345-6].

*Members of the House of Commons,*

*I thank you for the provision which you have made for the honour and dignity of the Crown and for the public service.*

*My Lords and Members of the House of Commons,*

*My Government have continued to pursue firm financial policies designed to bear down on inflation and to foster the conditions necessary for sustained economic growth. They have made a public sector debt repayment for the second successive year* [see p 424], *thus permanently reducing the cost of debt service. National output and living standards have continued to increase* [see p 425], *and the number of people out of work has fallen further* [see p 135].

*As part of my Government's programme to improve incentives and the performance of the economy, employees' national insurance contributions have been reformed and reduced* [see p 141] *and the taxation of life assurance and pensions has been reformed* [see pp 139-40].

*Legislation has been enacted to improve water quality and the water environment, to establish the National Rivers Authority and to provide for the sale of the utility functions of the water authorities in England and Wales* [see pp 20-4 and 321-2]. *An Act has been passed to provide for the sale of the electricity supply industry in Great Britain* [see pp 16-19 and 320-1]. *These measures continue my Government's programme of encouraging greater industrial efficiency and promoting wider share ownership.*

*Measures have been passed to improve the law on companies, mergers and financial services* [see pp 188-90].

*Legislation has been enacted to abolish royalties on post-1982 oil and gas fields in the Southern basin and onshore, and to enable my Government to give effect to the United Kingdom-Irish agreement on the delimitation of the Continental Shelf* [see pp 127 and 295].

*An Act has been passed to end the statutory regulation of dock work* [see pp 192-4].

*Legislation has been enacted further to promote sex equality in employment and to remove outdated restrictions on the employment of young people* [see pp 58-9].

*An Act has been passed to reform the law on the conduct of local authority business, on local government capital and housing finance, and on the repair and improvement of the housing stock* [see pp 115-17 and 450].

*An Act has been passed to counter hooliganism at football matches in this country and abroad* [see pp 330-2].

*The Prevention of Terrorism (Temporary Provisions) Act 1984 has been re-enacted with strengthened provisions to curtail the funding of terrorist activity* [see pp 404-8, 1988].

*An Act has been passed to reform and replace section 2 of the Official Secrets Act 1911* [see pp 4-6].

*Legislation has been enacted to place the Security Service on a statutory basis under the authority of the Secretary of State* [see pp 6-7].

*An Act has been passed to extend the entitlement of British citizens living overseas to vote in parliamentary elections held here, and to increase the limit on candidates' expenses in United Kingdom parliamentary by-elections* [see pp 255-7].

*Acts have been passed to improve the law governing the care and protection of children in England and Wales* [see pp 207-9 and 450], *and to regulate arrangements for human organ transplants* [see p 296].

*Legislation has been enacted to modify the driver licensing system and to provide for new systems giving route guidance to drivers* [see p 296].

*In Northern Ireland, my Government have continued their efforts to combat terrorism* [see pp 404-8, 1988], *and to promote economic development. They have maintained constructive relations with the Republic of Ireland* [see pp 219-21]. *Acts have been passed to strengthen the law on fair employment* [see pp 40-2], *and to extend the franchise for local elections and require from candidates a declaration against terrorism* [see pp 402-3, 1988].

*For Scotland, legislation has been enacted to privatise the Scottish Bus Group* [see pp 24-5] *and to extend parental choice in education by establishing arrangements for schools to be managed outside local authority control* [see pp 114-15].

## PROGRAMME FOR THE NEW SESSION

**The Queen's speech on the opening of the new session of Parliament – the third session of the fiftieth Parliament of the United Kingdom – was delivered in the House of Lords on 21 November to members of both Houses. Among the legislation which the Government proposes to introduce are measures to strengthen co-operation between Britain and other countries in the investigation of crime; to improve the administration of civil justice and to increase choice in the provision of legal services; to safeguard standards of food safety; to make available new powers to control pollution and waste; to provide for a wider choice of broadcasting services, strengthen the oversight of programme standards and reform independent television and radio; to improve the National Health Service and the management of community care; and to institute a legal framework for scientific developments concerning human fertilisation and embryology.**

The text of the speech,[1] which outlines the Government's policies for the coming session, is as follows:

*My Lords and Members of the House of Commons,*

*I look forward to visiting New Zealand next February for the 150th anniversary of the treaty of Waitangi and for the Commonwealth Games, and, in June, to paying a State Visit to Iceland and a visit to Canada.*

*My Government will continue to attach the highest priority to national and Western security and to*

[1] *Hansard*, Vol 162, No 1, cols 4-6.

*the preservation of peace with freedom and justice. They will stand by their obligations to the NATO Alliance and will continue to sustain the United Kingdom's contribution to Western defence by maintaining adequate and effective nuclear and conventional forces.*

*My Government will work for balanced and verifiable measures of arms control. They will continue to play an active part in the Vienna negotiations on the reduction of conventional forces in Europe and the multilateral negotiations in Geneva on the abolition of chemical weapons.*

*My Government will continue to promote improved relations between East and West, and to work for further progress on human rights. They will aim to strengthen still further the present positive relations between the United Kingdom and the Soviet Union, and to encourage reform in that country. They will lend every possible encouragement and support to the remarkable changes taking place in Poland, Hungary and now in East Germany. They will work to ensure that these take place within a stable Europe.*

*My Government will continue to work with our European Community partners to complete the single market; to enhance economic and monetary co-operation; to reinforce budgetary discipline; and to carry forward the reform of the common agricultural policy. They will play a full part in multilateral negotiations designed to liberalise international trade.*

*My Government will continue to support the right of the Afghan people to choose for themselves a fully representative government. They will continue to work for a peaceful solution to the conflicts in the middle east and to play their part in the search for a settlement in Cambodia. They look forward to the independence of Namibia and will continue to encourage the forces for peaceful change and reconciliation in southern Africa.*

*My Government will continue to play a full part in the United Nations, and in the Commonwealth.*

*My Government will maintain a substantial aid programme. They will continue to support sustainable development policies aimed at alleviating poverty and promoting economic and social progress in developing countries.*

*My Government will maintain their fight against international terrorism; and continue to seek the release of hostages held in Lebanon.*

*My Government will work vigorously and with determination to restore confidence in Hong Kong, building on the foundation of the Sino-British Joint Declaration. They will honour their commitment to the people of the Falkland Islands while seeking further progress in normalising relations with Argentina.*

*Members of the House of Commons,*

*Estimates for the public service will be laid before you.*

*My Lords and Members of the House of Commons,*

*My Government will continue to pursue firm financial policies designed to reduce inflation and foster conditions necessary for sustained economic growth. They will continue to promote enterprise and to facilitate the growth of employment.*

*They will maintain firm control of public expenditure so that it continues to fall over time as a proportion of national income, while allowing further improvements in priority services.*

*A Bill will be introduced to assist the financial restructuring of the British Coal Corporation* [see p 471].

*A Bill will be introduced to facilitate the sale of the Crown Suppliers and of other parts of the Property Services Agency.*

*My Government will continue to attach very great importance to protecting the national and international environment. A Bill will be introduced to provide new powers to control pollution and waste. My Government will work with business, local government, the voluntary sector and local people to regenerate our cities* [see pp 161-2 and 451].

*A Bill will be introduced to strengthen the law on food safety and consumer protection* [see pp 316-19].

*My Government will continue to develop training and enterprise councils* [see p 432, 1988, and p 152]. *Legislation will be introduced to make further reforms in industrial relations and trade union law* [see pp 425-6].

*My Government will vigorously pursue their policies for reducing crime and combating the trafficking and abuse of drugs. A Bill will be introduced to improve the ability of the United Kingdom to co-operate with other countries in the investigation of crime.*

*A Bill will be brought forward to provide for a wider choice of broadcast services, to strengthen the oversight of programme standards, to reform the independent television and radio systems and to implement the other proposals in the broadcasting White Paper* [see pp 388-91, 1988].

*A Bill will be introduced to improve the administration of civil justice and to increase choice in the provision of legal services* [see pp 221-3, 1988, and pp 298-301].

*My Government will continue to take action to raise standards in education. A Bill will be introduced to supplement students' grants with loans* [see pp 440-2, 1988 and pp 481-2].

*A Bill will be brought forward to improve the National Health Service and the management of community care* [see pp 70-4].

*A Bill will be introduced to institute a legal framework for scientific developments on human fertilisation and embryology* [see pp 28-9, 1988].

*For Scotland, legislation will be introduced to establish Scottish Enterprise and Highlands and Islands Enterprise* [see pp 433-5 1988 and p 356] *to prepare for the winding up of the new town development corporations* [see pp 328-9], *to increase choice in the provision of legal services and to effect certain other law reform measures.*

*In Northern Ireland, my Government will maintain its support for the enforcement of the law and the defeat of terrorism. They will continue to encourage the greater involvement of locally elected representatives in the affairs of Northern Ireland, to improve the economic and social wellbeing of the Province, and to work within the framework of the Anglo-Irish Agreement.*

*A Bill will be brought forward to improve aviation and maritime security.*

*Legislation will be introduced to make changes to the law relating to social security and occupational pensions.*

*Other measures will be laid before you.*

*My Lords and Members of the House of Commons,*

*I pray that the blessing of Almighty God may rest upon your counsels.*

## Recent Legislation

**The public Acts of Parliament passed in November at the end of the parliamentary session are listed below.**

*Brunei (Appeals) Act 1989.* Makes provision for the reference of appeals from the Brunei Supreme Court to the Judicial Committee of the Privy Council. Royal Assent: 16.11.89. Ch. 36. HMSO, 50p. ISBN 0 10 543689 5.

*Children Act 1989* (see pp 207-9). Amendments were made during the passage of the Act to provide for a system of concurrent jurisdiction in children's cases, with flexible transferability of cases between the High Court, county courts and magistrates' courts, compatible procedures and a more flexible approach to participation in proceedings; and for a new child assessment order of up to seven days for circumstances where significant harm to the child is suspected and where it is necessary for the child to be examined or assessed. Other amendments place on local authorities a new duty to review provision of day care and child-minding; modernise local authority regulation of independent child-minding and day care for children up to the age of nine; and impose on proprietors of independent boarding schools a new duty to safeguard and promote the welfare of pupils accommodated there and a corresponding obligation on local authorities to monitor the exercise of this responsibility. Royal Assent: 16.11.89. Ch 41. HMSO, £13·40. ISBN 0 10 544189 9.

*Companies Act 1989* (see pp 188-90). Royal Assent: 16.11.89. Ch 40. HMSO, £16·30. ISBN 0 10 544089 2.

*Employment Act 1989* (see pp 58-9). Royal Assent: 16.11.89. Ch 38. HMSO, £6. ISBN 0 10 543889 8.

*Football Spectators Act 1989* (see pp 330-2). Royal Assent: 16.11.89. Ch 37. HMSO, £4·90. ISBN 0 10 543789 1.

*Local Government and Housing Act 1989* (see pp 115-17). Amendments were made during the passage of the Bill to raise from £13,000 to £19,500 the salary threshold above which local authority staff must abstain from public political activity; and to give tenants in publicly owned housing particularly suitable for elderly people the right to buy their homes, provided the housing does not form part of a sheltered housing scheme. Royal Assent: 16.11.89. Ch 42. HMSO, £16·30. ISBN 0 10 544289 5.

*Opticians Act 1989.* Consolidates the legislation relating to opticians. Royal Assent: 16.11.89. Ch 44. HMSO, £5·20. ISBN 0 10 544489 8.

*Prisons (Scotland) Act 1989.* Consolidates legislation relating to prisons and other institutions for offenders in Scotland. Royal Assent: 16.11.89. Ch 45. HMSO, £4. ISBN 0 10 544589 4.

*Self-Governing Schools etc. (Scotland) Act 1989* (see pp 114-15). Royal Assent: 16.11.89. Ch 39. HMSO, £7·80. ISBN 0 10 543989 4.

*Statute Law (Repeals) Act 1989.* Promotes the reform of the statute law by repealing obsolete enactments. Royal Assent: 16.11.89. Ch 43. HMSO, £5·70. ISBN 0 10 544389 1.

## The Future of Local Government

**In a speech on the future of local government, the Secretary of State for the Environment, Mr Christopher Patten, has spoken of the need for stability and consolidation following the major changes experienced in recent years. He considers that a new dialogue to improve co-operation and partnership between central and local government would help to achieve this and would be in the interests of all local communities.**

### Background

A wide range of public services in Britain is provided by democratically elected local authorities, whose powers are conferred on them by Parliament. These services include, among others, education, housing, personal social services, environmental health, planning, traffic administration, the police, the fire service and libraries. In 1989-90 expenditure by local authorities in Britain was some £42,500 million, one-quarter of general government expenditure. Education accounted for about 40 per cent of the total; most of the remainder was spent on health and social security, law and order, and the environment.[1]

### Future Objectives for Local Government

Speaking in London at the annual dinner of the *Local Government Chronicle* on 9 November, the Secretary of State described local authorities as a basic part of the fabric of British life. 'They represent the local communities to which we belong. They shape and influence much of our local environment. They provide many of the basic services on which we and our families rely.' Protecting and enhancing the health of local government, he said, was one of his most important duties.

The Secretary of State spoke of the need for a period of stability after the immense changes of recent years. For the most part, local government had, he said, responded splendidly to the many

[1]For more information see COI reference pamphlet *Local Government in Britain*, No 12/89.

challenges which had been placed upon it. However, there were signs of strain in some places and a period of consolidation was now needed. In particular, the major changes to the financial system – the community charge (see p 245, 1988), the national non-domestic rate (see p 109), the new grant system and the new capital finance system (see pp 17-18, 1988) – must be brought in smoothly and allowed to develop without further major change in the near future.

A second objective for local government was the freedom, within the boundaries defined by statute and national policies, to innovate – 'freedom to develop new ideas for responding to local needs and aspirations, freedom to innovate in service provision'. Many of the best elements of existing local services, he continued, had been developed initially by pioneering local authorities before they had become adopted into national statutes and standards. Mr Patten wanted to see a resurgence of that tradition of innovation and initiative.

He then spoke of the need to establish a more realistic dialogue about what could be achieved by local government within available resources and how far this could realistically be supplemented by the private and voluntary sectors.

Of greatest importance for the future of local government, said Mr Patten, was the need to confirm or re-establish a general public sense of the significance and value of its work to the whole community. Over the years, local government had been immensely well served by the dedicated work of thousands of members and officers who had devoted much of their lives to that part of the public service. Sometimes in recent years, he said, it had been harder to get the right quality of people and he was determined that central and local government togetner should recreate conditions in which high quality people were keen to come forward to serve local government. He considered the recent reforms of the rules about the conduct of local authority business (see p 261, 1988, and pp 115-17 and 450) should be of assistance in this, and that further ideas about redefining the roles of members and officers in modern conditions might be explored.

**Future Requirements from Local Government**

The chief requirement from local government over the next few years, according to Mr Patten, was responsiveness to the public and the local community. 'Local government always needs to be searching out new ways of finding what its public wants, and responding to those needs and aspirations. Bureaucracies do become entrenched; members do become self-important. This quest can never be relaxed.'

The Secretary of State then spoke of the need to develop the concept of the 'enabling authority'. He said: 'the essential feature of a truly enabling authority is a body that vigorously promotes and encourages diversity within its own area rather than trying to run everything itself. A body which encourages the development of many different providers of housing in its area rather than seeking to own as much as possible itself. A body which encourages the development of various types of school. A body which co-operates with the voluntary and private sectors in the provision of social services. A body which co-operates actively with the private sector in economic and commercial development, and the provision of infrastructure. A body which welcomes the stimulus and discipline of competition not only where it is statutorily required, but also for other aspects of its work.'

A third requirement was the need for local authorities to continue the search for greater value for money in carrying out their work. Mr Patten considered that two central initiatives of the last ten years had been of great importance in this respect: the creation of the Audit Commission (see pp 50-2, 1982) and the development of compulsory competitive tendering (see pp 225-7, 1987). However, the hard work of improving value for money, and maintaining it in all local services could come only from local government itself.

Mr Patten referred to his wish for improved co-operation and partnership in a two-way dialogue between central and local government. Two priority areas for early discussion were cited. 'First on our approach to inner cities[1] (see p 161) we need to breathe new life into the partnership between central and local government and work together to revive declining areas.' This would be made a top priority in the coming months. Second was the important role to be played by local authorities in improving the protection of the environment. Several authorities had already been developing a comprehensive approach to environmental issues and ideas for environmental audit of all their responsibilities. He intended to have early discussions with local government about how best to develop those ideas so as to bring about the desired major improvements to the environment. Mr Patten concluded: 'across the whole field of local government I want us to improve our co-operation in the context of a shared sense of public service and concern for the interests of local communities'.

## Prevention of Terrorism

**The Government has reaffirmed that in the face of the terrorist threat to Britain the power to hold terrorist suspects for up to seven days is essential.**

This decision follows a ruling in November 1988 by the European Court of Human Rights in the case of Brogan and others that their detention under the Prevention of Terrorism (Temporary Provisions) Act 1984 – now section 12 of the 1989 Act – constituted a breach of the European Convention on Human Rights (see p 408, 1988). The Court held that none of the four applicants, arrested in 1984 and held for more than four days, had been brought 'promptly' before a judicial authority. On 23 December 1988 the British Government notified a derogation on this issue to the Court.

Under Britain's anti-terrorism legislation (see pp 404-8, 1988), a person arrested by the police on reasonable suspicion of involvement in acts of ter-

[1]For more information see COI reference pamphlet *Urban Regeneration in Britain*, No 263/89.

rorism may be held by the police for a maximum of 48 hours during which period the need for continued detention must be reviewed regularly by a senior police officer not involved in the investigation. The Secretary of State may extend the period for up to a maximum of a further five days; at the end of this period the person must be released, charged or excluded from a part of or the whole of the United Kingdom.

**Government's View**

Giving details about the Government's decision in a written parliamentary answer on 14 November (Hansard, Vol 160, No 175, written answers, cols 209-10), the Home Secretary, Mr David Waddington, said that since November 1988 the Government had been considering whether it would be possible to introduce a judicial element in the procedure for authorising extensions of detention in a way which would be compatible with the provisions of the European Convention and which would not weaken the effectiveness of its response to terrorism. He added: 'The Government believe that in the context of the continued threat to the United Kingdom, on a scale unknown elsewhere in Europe, posed by terrorism connected with the affairs of Northern Ireland the power to hold terrorist suspects for a period of up to seven days is essential.'

Mr Waddington said that decisions to authorise the detention of terrorist suspects for periods beyond 48 hours could be, and often were, taken on the basis of information, the nature and source of which could not be revealed to a suspect or his or her legal adviser without serious risk to individuals assisting the police or the prospect of further valuable intelligence being lost. 'Any new procedure which avoided those dangers by allowing a court to make a decision on information not presented to the detainee or his legal advisor would represent a radical departure from the principles which govern judicial proceedings in this country and could seriously affect public trust and confidence in the independence of the judiciary. The Government would be most reluctant to introduce any new procedure which could have this effect.' The Government also believed that the existing arrangements (see above) provided reasonable safeguards for the detained person.

Concluding, Mr Waddington said: '. . . a satisfactory procedure for the review of detention of terrorist suspects involving the judiciary has not been identified. The derogation notified on 23 December 1988 under Article 15 of the European Convention on Human Rights and Article 4 of the International Covenant on Civil and Political Rights must and will therefore remain in place for as long as circumstances require. The derogation is limited to the powers under the Prevention of Terrorism (Temporary Provisions) Act 1989 to detain for up to seven days those suspected of involvement in the commission, preparation or instigation of acts of terrorism connected with the affairs of Northern Ireland.'

**Extent of Terrorism**

Since 1969 there have been over 44,000 incidents of bombing and shooting in connection with the affairs of Northern Ireland and over 2,800 people have been killed. A recent bomb attack at the Royal Marines barracks at Deal in Kent killed 11 bandsmen. An airman and his baby daughter were murdered by terrorists in the Federal Republic of Germany on 26 October.

In 1988 in England, Scotland and Wales 170 people were detained under the prevention of terrorism legislation; extension of detention for more than 48 hours was authorised in 25 cases and refused in one other. Ten people were charged with terrorist offences and eight with other offences.

# EXTERNAL AFFAIRS AND DEFENCE

## East-West Relations

**Britain has welcomed moves towards democracy in the German Democratic Republic and Czechoslovakia, where communist governments have been replaced by coalition governments committed to the holding of free elections in 1990. These changes, resulting from wide popular demands for radical reforms, were discussed at a number of international meetings in November and December.**

The meetings included a summit between the President of the United States, Mr George Bush, and the President of the Soviet Union, Mr Mikhail Gorbachev, in Malta on 2 and 3 December, and meetings of the heads of Government of the 12 members of the European Community in Paris on 23 November and in Strasbourg on 8 and 9 December. The heads of Government of the 16 members of the North Atlantic Treaty Organisation (NATO) met in Brussels on 4 December, and NATO defence ministers discussed Eastern Europe on 28 and 29 November.

### Reforms in Eastern Europe

*German Democratic Republic*

In the German Democratic Republic public protests demanding economic and political reforms continued after the resignation on 18 October of Herr Erich Honecker (see pp 375-6), the communist Socialist Unity Party (SED) general-secretary and State President. A demonstration of some 1 million people took place in East Berlin on 4 November. Six days earlier Herr Honecker's replacement, Herr Egon Krenz, promised reforms that would include an electoral law ensuring free, general and democratic elections; freedom of association and a revision of the penal code; and priority in the economy to be given to the production of consumer goods. The whole of the East German Government and the communist party's politburo were completely reorganised on 7 and 8 November; later, the number of ministerial posts appointed from the four non-communist official parties in the new government, headed by the reformist communist Herr Hans Modrow (formerly party leader in Dresden), was increased. The lifting of all travel restrictions, highlighted by the opening up of the Berlin Wall, was granted on 9 November.[1]

[1]The border with Czechoslovakia, which had been closed by the East German authorities since the beginning of October in an attempt to stem the outflow of people, had to be reopened a month later due to continuing demonstrations.

The prohibition on opposition groups was also lifted; subsequently in December, an amnesty, that would include some 2,000 political prisoners, was declared.

However, public protest about widespread corruption within the communist party (Herr Honecker and a number of other former communist leaders were expelled from the party and arrested on charges of corruption) and demands for more radical reforms continued. On 3 December Herr Krenz resigned as communist party secretary, as did the politburo and the central committee of the party; on 6 December Herr Manfred Gerlach, a non-communist from the official Liberal Democratic Party, replaced Herr Krenz as acting President. On 9 December a special SED congress elected Herr Gregor Gysi as party chairman and Herr Modrow and Herr Wolfgang Berghofer, the reformist mayor of Dresden, as deputy chairmen. The congress also abolished the politburo and the central committee, replacing them with a 100-member committee. Free elections will be held in the German Democratic Republic in 1990.

*Czechoslovakia*

In Czechoslovakia on 17 November an authorised march of an estimated 50,000 people in Prague calling for reform (the biggest demonstration in that country for 20 years) was broken up by the police; a number of people were wounded, and over 140 were arrested. The police action led to further and growing demonstrations in the following days, first in Prague and then in other parts of Czechoslovakia, calling for freedom and democracy. Mass rallies in Bratislava and Prague were addressed by Mr Alexander Dubcek, the Czech communist party leader deposed in 1969 after the Warsaw Pact invasion in 1968.[1] A widely-supported two-hour general strike took place on 27 November, calling for an end to one-party communist rule.

Earlier, a newly-formed opposition group, Civic Forum, headed by the playwright and former dissident, Mr Vaclav Havel, began discussions with the authorities, initially about the police action on 17 November, but which later included the need for government reforms. On 24 November the country's communist party leader, Mr Milos Jakes, and the politburo resigned, to be followed in the next few days by the Prague party leader and other local

[1]At a meeting in Moscow on 4 December, Warsaw Pact countries issued a statement condemning their invasion of Czechoslovakia in 1968 and emphasising the principle of non-interference in internal affairs.

communist officials. A number of political prisoners were released.

Further discussions with the opposition led to an agreement on the formation of a broad coalition government of communists and non-communists. Constitutional amendments, including those to remove the leading role of the communist party in government and of Marxism-Leninism in education, were passed unanimously by the communist-dominated Federal Assembly on 29 November. The new coalition government, however, contained 15 communists and only five from other groups. Later demonstrations led to further discussions between the communists and Civic Forum. On 10 December a new government, headed by the communist Mr Marian Calfa, took office, committed to holding free elections in 1990: it contained ten communists, seven supporters of Civic Forum, and two members each from the People's and Socialist parties. The communist President, Dr Gustav Husak, resigned.

*Bulgaria*

On 10 November Mr Todor Zhivkov, leader of the Bulgarian communist party since 1954, was replaced by the foreign minister, Mr Petur Mladenov, and the politburo was reorganised. The new Bulgarian government has supported popular demands for democracy and *glasnost*, promising democratic multi-party elections by June 1990 and an end to guarantees of the communist party's leading role in government. On 10 December the newly-formed group of opposition organisations, the Union of Democratic Forces, led a demonstration of more than 50,000 Bulgarians in Sofia, calling for democratic reforms and the prosecution of corrupt communist party officials. Mr Zhivkov was expelled from the party on 13 December.

*Hungary*

Following a referendum in Hungary in November, the post of president (see pp 373-4) will be elected in a multi-party Parliament.

**European Community Response**

At a meeting in Paris on 18 November the 12 leaders of the European Community (EC) wholeheartedly endorsed political reform in Eastern Europe and promised substantial economic aid to those Eastern European countries which embraced democracy.

In the House of Commons on 24 November (*Hansard*, Vol 162, No 4, cols 345-56) the Foreign and Commonwealth Secretary, Mr Douglas Hurd, said that Britain saluted the courage and wisdom of those in Eastern Europe using peaceful protest to break down the barriers separating them from freedom. The European Community had agreed in Paris that it had to do everything it could to encourage the process of political and economic reform in Eastern Europe. Aid to Poland and Hungary would be stepped up and the West was ready to make a further generous response once the agreements on economic reforms now being negotiated between the International Monetary Fund (IMF) and these two countries were in place.

On trade, member states had agreed on the need to build on the wide-ranging trade and co-operation agreements already made with Poland and Hungary, and to consider 'the scope for the best way to work out new forms of association between the Community and those reforming countries, suited to the needs of each'.

Mr Hurd said that the European Community leaders also believed that another way to encourage reform would be an invitation to the reformers to join the Council of Europe, which at present united 23 Western European countries in a common commitment to democracy and human rights.[1] 'We believe that the Council should be and is ready to accept East European countries as members once they are able to meet these conditions.'

Another conclusion at the Paris meeting, Mr Hurd continued, concerned the importance of keeping stability and security in Europe. 'We all recognise that a time of change is also a time of uncertainty. Neither West nor East should feel that its fundamental security interests are threatened by peaceful change. That is why it has been agreed that it is important to send a clear message of reassurance to the Soviet Union that the West does not intend to seek to use recent events to prejudice Soviet security. For our part, we shall continue to look to NATO as a strong and reliable defence.'

Mr Hurd said that, to a large extent, it was Mr Gorbachev's policies in the Soviet Union that had made possible the changes in Eastern Europe. It was in the West's interests and also in the long-term interests of the Soviet people that Mr Gorbachev's policies, which had also contributed so much to improved East-West relations, should be sustained and encouraged.

The European Community, Mr Hurd said, was a strong magnet for its Eastern neighbours, an example of the way in which free nations working together could co-operate to bring about a different sort of revolution. Britain believed that opening the Community to the East was entirely consistent with continuing to strengthen the ties between the Community partners. However, the Community's rules on such matters as state aid to industry meant that, for the foreseeable future, Poland, Hungary and other Eastern European states, 'as they move towards democracy, will not be able to become, or to aim at being, full members of the Community. That is why we should work out tailormade and specific European agreements that gradually increase in content, perhaps, with such countries as they join, as it were, the European democratic ranks.'

*Strasbourg European Council*

In a declaration issued after their summit in Strasbourg on 8 and 9 December (see p 457), leaders of the 12 member countries of the European Community said that the success of a strong and dynamic Community, the vitality of the Conference on Security and Co-operation in Europe (CSCE) process, and stability in the area of security, in which the United States and Canada participated, had contributed greatly to the historic changes taking place in Central and Eastern Europe. The

[1]The membership of the Council of Europe, which was founded in 1949, is limited to European states which 'accept the principles of the rule of law and of the enjoyment by all persons within [their] jurisdiction of human rights and fundamental freedoms'. The Council of Europe has a Committee of Ministers, which meets regularly and a Parliamentary Assembly, which meets three times a year.

changes gave reason to hope that the division of Europe could be overcome in accordance with the aims of the Helsinki Final Act (see pp 43-9).

On German reunification, the declaration said: 'we seek the strengthening of the state of peace in Europe in which the German people will regain its unity through free self-determination. This process should take place peacefully and democratically, in full respect of the relevant agreements and treaties and of all the principles defined by the Helsinki Final Act, in a context of dialogue and East-West co-operation. It also has to be placed in the perspective of European integration.'

The declaration also stated that the Community was prepared to develop with the Soviet Union and the other countries of Central and Eastern Europe, and with Yugoslavia, 'closer and more substantive relations based upon an intensification of political dialogue and increased co-operation in all areas'. It had decided to support the economic reforms undertaken in these countries 'by contributing – in collaboration with its Western partners – to the establishment of healthy and prosperous economies within the framework of appropriate structures'.

**Western Economic Assistance**

On 29 November Britain announced that it would increase its 'know-how' fund to Poland from £25 million to £50 million; and provide $100 million (£64·5 million) to a $1000 million currency stabilisation fund to be set up in support of an IMF-Polish agreement aimed at rebuilding the Polish economy. Britain is spending an additional £15 million to improve Poland's food supply, part of a major project being provided by the European Community. It is also contributing to Community food aid to Poland and project aid to Poland and Hungary.

At their meeting in Paris on 18 November the 12 leaders of the European Community called on the IMF to reach agreement with Poland and Hungary on terms for standby credits and economic restructuring: these would unlock aid by Community states, in particular contributions to the currency stabilisation fund for Poland and a planned bridging loan for Hungary. Also being negotiated are European Investment Bank guarantees of $750 million for each country, plus emergency aid of $50 million and access to Community programmes for training, protection of the environment, and technology research and development.

Meeting in Strasbourg on 8 and 9 December, the European Council approved the creation of a European Bank for Reconstruction and Development, aimed at promoting, with the IMF and the World Bank, productive and competitive investment in Central and Eastern Europe. The bank would also help to reduce any risks related to the financing of those countries' economies, to assist their transition towards a more market-orientated economy and to speed up the necessary structural adjustments. Eastern European states would be able to participate in the capital of the new bank, in which member states, the Community and the European Investment Bank would have a majority holding. Other countries, in particular other members of the Organisation for Economic Co-operation and Development, would be invited to participate. The European Council also approved, in principle, the granting of observer status to the Soviet Union in the General Agreement on Tariffs and Trade (GATT).

On 13 December 24 leading industrialised countries, including Britain and the other European Community states, confirmed their commitment to the Polish currency stabilisation fund and said that aid granted to Poland and Hungary could also be extended to Czechoslovakia, the German Democratic Republic, Bulgaria and Yugoslavia, subject to their implementing the necessary political and economic reforms.

The United States' economic assistance includes a contribution of $657 million to Poland, consisting of a stabilisation loan of some $200 million, $125 million in food aid, and $325 million for the expansion of the private sector. The United States has also agreed to contribute $81 million to Hungary.

**NATO Response**

Meeting in Brussels on 28 and 29 November, NATO's Defence Planning Committee, consisting of defence ministers from the 16 member states, warmly welcomed the opportunities that the changes in the Soviet Union and Eastern Europe provided for improved East-West relations and a more stable and lasting peace in Europe. They were 'a testimony to the strength and attraction of our ideals of democracy, freedom and self-determination and to the success of Alliance policies'. They also reaffirmed that 'a strong and united Alliance will remain fundamental not only for the security of our countries but also for the policy of supporting political change'. These developments also underlined 'the need to maintain effective defence and credible deterrence as the basis both for continued security of the Alliance and the pursuit of constructive dialogue and co-operation with the East, of which the process of arms control is an integral part'.

**Malta Summit**

At the Malta meeting, Mr Bush and Mr Gorbachev discussed developments in arms control; Western assistance to Eastern Europe and the Soviet Union; Lebanon; and a number of bilateral issues, including Central America. They agreed to meet again in Washington in June 1990.

At a press conference after the meeting, Mr Bush said that while the United States and the Soviet Union did not have the responsibility for the future of Europe, the relations between the two superpowers could play an important role there, and each could make its own contribution towards the ending of the military confrontation in Europe. Mr Gorbachev also said that, although the Soviet Union had deep links with its allies in Eastern Europe, each country was 'an independent entity in world politics' and had the right to decide its own destiny. The two presidents said that they looked forward to reaching accords on conventional, chemical and strategic nuclear weapons.[1]

*NATO Special Meeting*

At a special meeting in Brussels on 4 December heads of Government of the 16 members of NATO

[1]For further information on arms control see COI reference paper *Britain and Arms Control: A Chronology*, No 329/89.

were given an account by Mr Bush of his summit meeting with Mr Gorbachev.

At a press conference following the NATO meeting, the Prime Minister, Mrs Margaret Thatcher, said that it had affirmed the importance both of continuing NATO, which offered 'security and stability, and . . . of having American and Canadian troops this side of the Atlantic'. This had been confirmed by Mr Bush, who had said that significant United States nuclear and conventional forces would remain in Europe 'so long as his Allies wished it'. Secondly, the structures of NATO and the Warsaw Pact were 'the main way in which we negotiate arms control and disarmament'. It was hoped that an agreement on conventional forces in Europe could be signed in 1990; its implementation would take time, since, for example, some 39,000 Soviet tanks would have to be destroyed.

The NATO leaders also discussed events in the Soviet Union, which had started the process of reform, and Eastern Europe. NATO, Mrs Thatcher said, had recognised at the beginning that 'it was easier for politicians to confer freedom of speech than it is to confer prosperity'. Because the Soviet Union had little idea of how to run a market economy, economic reform there would take much longer and could not occur without the full co-operation of the people.

On Eastern Europe, Mrs Thatcher said that NATO regarded Poland and Hungary slightly differently since they were the first to change from a communist to a non-communist government. The Alliance considered it important to give them special help to get them through difficulties this winter.

Commenting on the question of German reunification, the Prime Minister said that the Chancellor of the Federal Republic of Germany (Herr Helmut Kohl) had pointed out during his speech at the meeting that he had no timetable in mind and that the German question could not be isolated from the general question of the security of Europe.[1]

*United States' Views*

In a statement made after his meeting in Brussels with NATO leaders, Mr Bush said that the changes in Europe amounted to 'nothing less than a peaceful revolution'. The task before the West was to consolidate the fruits of the revolution and provide 'the architecture for continued peaceful change, to end the division of Europe and of Germany, to make Europe whole and free'. NATO's political strategy, agreed in May (see pp 222-30), 'makes the promotion of greater freedom in the East a basic element of Alliance policy. Accordingly, NATO should promote human rights, democracy and reform within Eastern countries as the best means of encouraging reconciliation among the countries of Eastern and Western Europe.' Although this was a time of great hope, he stressed the need for NATO's 'traditional security mission'. He pledged that the United States would maintain significant military forces in Europe 'as long as our allies desire our presence as part of a common defence effort. The United States will remain a European power, and that means that the United States will stay engaged in the future of Europe.'

Mr Bush believed that the future should be guided by many of the values described in the final act of the Conference on Security and Co-operation in Europe (see pp 43-7); he looked to the CSCE to play a greater role in the future of Europe. The 35 CSCE nations, which bridged both the division of Europe and the Atlantic, provided a structure that should be able to contribute much to the future architecture of Europe. Mr Bush said that the European Community also had a vital role to play in the new Europe, and he believed that the current events 'call both for a continued, perhaps even intensified, effort of the 12 to integrate'.

[1] On 28 November Chancellor Kohl outlined a ten-point plan, through which reunification of both parts of Germany could be realised. The stages would include the creation of 'confederative structures' (including joint governmental, parliamentary and specialist committees), to bind the two German states, leading to the establishment of 'a new federal order' between thm. Free elections would also have to be introduced in the German Democratic Republic.

## Vietnamese Boat People

**Britain has decided to repatriate Vietnamese people in Hong Kong who are not qualified as refugees. A group of 51 were returned on 12 December, but further repatriations were suspended for a week pending a debate and vote in the House of Commons.**

### Foreign and Commonwealth Secretary's Statement

Giving details of the Government's policy on 12 December (*Hansard*, Vol 163, No 16, cols 869-79), the Foreign and Commonwealth Secretary, Mr Douglas Hurd, said that the 51 people had been screened under a thorough process agreed with the United Nations High Commissioner for Refugees (UNHCR) and that they had not qualified for refugee status under the terms of the 1951 United Nations Convention on Refugees and the 1967 protocol (see p 265). 'The repatriation was conducted in line with procedures used worldwide to remove people refused permission to remain in a territory. No firearms were carried. No force was used.'

Mr Hurd said that the June 1989 international conference on Indo-Chinese refugees (see pp 265-7) had agreed that refugees would be resettled in other countries and that those who did not qualify as refugees would not be resettled but returned to Vietnam in line with UNHCR guidelines. Both Britain and the UNHCR had tried to encourage a voluntary return and in the past year more than 600 people had done so. In the same period, however, some 30,000 had arrived in Hong Kong, where there were now nearly 57,000 boat people, most of whom were not likely to qualify as refugees. Although the Vietnamese authorities had recently agreed to accept volunteers back at a faster rate, it was clear that voluntary returns alone would not match the scale of the problem. 'The majority of volunteers so far have come from the people not yet screened; of those already screened and found not to qualify as refugees, fewer than 1 per cent are volunteering to return.'

Britain had, therefore, to begin repatriating those who were not refugees and who did not volunteer to return. The international community had said that it

would not resettle these people who, if not returned to Vietnam, would face the prospect of indefinite detention in camps in Hong Kong. Moreover, if no action was taken, Hong Kong faced the prospect of tens of thousands of more arrivals in 1990.

Mr Hurd said that the repatriation arrangements had been agreed with the Vietnamese Government, which had informed Britain that those repatriated would not be punished for leaving. Aid was being given to help them settle back into Vietnam. The British embassy in Hanoi would be monitoring conditions both in the transit camp in Hanoi and in the villages to which the repatriated Vietnamese would be returned. In addition, Mr Timothy Raison (a former Minister for Overseas Development) and Lord Ennals (a former Cabinet minister) had agreed to go to Vietnam in January as independent observers to report to the British Government on the conditions of the 51 who had been repatriated.

Concluding, Mr Hurd said that a House of Commons debate on the question would be held on 19 December and that no further repatriations would take place before that debate.

## European Council

**The four main issues discussed at the European Council's meeting in Strasbourg on 8 and 9 December were the completion of the single European market, monetary union, the Social Charter and events in Eastern Europe.**

### Prime Minister's Statement

The Prime Minister, Mrs Margaret Thatcher, spoke of the Council's discussions on these four subjects in her statement to the House of Commons on 12 December (*Hansard*, Vol 163, No 16, cols 857-9). She said that the Council had confirmed the importance of keeping to the timetable for the completion of the single European market by the end of 1992 and had welcomed the progress made in this direction in the preceding six months, especially in opening up markets for banking, financial services and telecommunications, and in moving towards the possibility of cheaper air fares. It was hoped to agree further measures before the end of the year, including rules for company mergers and the further opening up of public sector procurement. Mrs Thatcher said that the Council had set priorities for the next stages of the process, covering such matters as investment services, life insurance and transport. Completion of the single market represented the most important contribution that the Community could make to the prosperity of all its members and Britain's record of implementing Community decisions was matched only by that of Denmark, as had been explicitly confirmed in Strasbourg by the President of the European Commission, M. Jacques Delors.

On the subject of economic and monetary union, the Prime Minister said that the necessary decisions had now been taken to enable the first stage of closer economic and monetary co-operation in Europe (see p 271) to begin on 1 July 1990, and this step was strongly supported by the British Government. An intergovernmental conference would be convened before the end of 1990 to discuss further steps. Mrs Thatcher added that the Council's conclusions had specifically recognised 'that the procedures for democratic control over economic and financial matters in each member state must be respected'. She said that the debate on economic and monetary union would be a long one, in which Britain would play 'a full and constructive part . . ., while reflecting the view expressed in all parts of this House that stages 2 and 3 of the Delors proposals are not acceptable' (see pp 408-9).

The third main item on the Council's agenda had been the Social Charter (see p 458). Mrs Thatcher had made it clear that Britain would not endorse the text of the Charter, and she believed that many other members of the Community would have 'considerable difficulties' with the European Commission's specific proposals on the matter when these were brought forward.[1]

The fourth main item of the Council's work was to help Eastern Europe towards democracy and economic reform through practical support. A number of specific measures had been approved, including more food supplies, support of the stabilisation plan for Poland, setting up an agency to co-ordinate offers of training, and agreement in principle to setting up a development bank (see p 455).

Mrs Thatcher said that a wide range of international political issues had also been discussed. The Council had 'underlined the importance of maintaining security and stability in Europe, in the face of the momentous changes taking place'. This meant confirming existing alliances, treaties and agreements. The Prime Minister also drew attention to the Council's declaration on Southern Africa, in which the Twelve 'looked forward to the time when sanctions and other measures against South Africa can be reconsidered in response to profound and irreversible change there'.[2]

In conclusion, the Prime Minister said that the Council's meeting had been an important one. 'What emerged most strongly is the degree to which the Community and the 12 member states – not least because of 1992 – can act as the driving force in the development of the whole of Europe, at a turning point in the continent's history. The Community should be an example of how free and democratic nations can work ever more closely together, while remaining open to the outside world.' This was the way in which the British Government wanted the Community to develop and, despite disagreements on some points, the Strasbourg Council had encour-

[1] The Charter was endorsed by 11 of the 12 Community members at the Council's meeting, with only Britain opposing it. The implementation of the Charter's proposals is a separate process: the European Commission is to draw up a number of separate directives covering various aspects of the Charter's programme and these will be discussed, and voted upon, at meetings of the Council of Ministers. A directive is not legally binding until it has been formally approved by the appropriate Council of Ministers.

[2] In their declaration the Twelve reaffirmed their objective of achieving a democratic and multiracial system in South Africa through peaceful change, and promised to grant new scholarships to enable black South Africans to study in Europe and in multi-racial South African universities. They decided 'to maintain the pressure that they exert on the South African authorities [see pp 321-2, 1986] in order to promote the profound and irreversible changes which they have repeatedly stood for and to reconsider it when there is clear evidence that these changes have been obtained'.

aged the belief that this was how the Community would develop.

## SOCIAL CHARTER

The Government's opposition to the proposed European Community Charter of Fundamental Social Rights was set out by the Secretary of State for Employment, Mr Norman Fowler, in a parliamentary debate on the charter on 29 November.

### Background

The European Commission has drawn up a draft Charter of Fundamental Rights, commonly referred to as the Social Charter. The concept was discussed by the Community's Labour and Social Affairs Council and by the European Council at their respective meetings in June (see p 271). On 30 October the Labour and Social Affairs Council voted by 11 to one to forward a final draft of the Charter for adoption by the European Council at its meeting in Strasbourg on 8 and 9 December; Britain opposed the proposal. The draft has since been revised by the European Commission and it is this version that was submitted to the European Council at Strasbourg.

The rights set out in the Social Charter can be grouped into 12 main areas, which member states are meant to introduce in accordance with national practices:

1 Wide-ranging rights associated with freedom of movement should be granted to workers in the Community.

2 Workers should be guaranteed an equitable wage, sufficient to enable them to have a decent standard of living; and individuals should have access to public placement services – that is, bodies which help people to find employment – free of charge.

3 The number of working hours per week, of night work and shift work, should be regulated, as should the right to annual paid leave and a weekly rest period. These rules are intended to apply to full-time and part-time workers. All workers would have their conditions of employment set down in law, either in a collective agreement or a contract of employment.

4 All workers should have the right to adequate social protection, including a minimum income for the unemployed without adequate means of subsistence.

5 Employers and workers should have the right to constitute and to belong or not to belong to trade unions and professional organisations. They should have the right to negotiate and conclude collective agreements and to resort to collective action, including strike action. The extent to which these rights would apply to the armed forces, police and civil service would be determined separately by each member state.

6 All workers should have access to vocational training throughout their working lives, especially by means of study leave.

7 Men and women should be guaranteed equal treatment and equal opportunities, including action enabling individuals to reconcile occupational and family responsibilities.

8 Workers' rights to information, consultation and participation should be improved, particularly in cases involving technology, company restructuring and collective redundancies.

9 Satisfactory health and safety conditions should be guaranteed in workplaces.

10 The minimum age for employment should be set no lower than the statutory school-leaving age, and in no case is this to be lower than 15 years of age. There should be limits on the duration of work and night work for all workers under 18. All young people should be entitled to vocational training during working hours.

11 Elderly workers should be guaranteed a decent standard of living, and elderly persons not entitled to a pension and with no other means of subsistence should be guaranteed sufficient resources.

12 Measures should be introduced to improve the social and professional integration of disabled people.

The implementation of the Charter would be monitored by the European Commission.

### Debate in Parliament

A motion taking note of the Charter's proposals and endorsing the Government's view that 'the key to increased prosperity and higher living standards is the adoption of policies which stimulate further economic growth and job creation' was passed in the House of Commons on 29 November (*Hansard,* Vol 162, No 7, cols 719-66). An amendment proposed by the official Opposition, calling upon the Government 'to accept and endorse' the draft of the Social Charter was defeated by 273 votes to 203.

*Government View*

Introducing the debate on the Charter's proposals, Mr Fowler stated that the Government believed the social dimension of the Community was 'about the creation of new jobs and the reduction of unemployment'. The 'acid test' of the Charter was whether it would achieve this. 'One lesson we have learnt is that businesses create jobs. They cannot be created by regulations.' The Social Charter would certainly destroy jobs, and the Confederation of British Industry[1] had recently come out against its proposals.

Mr Fowler pointed out that the Charter was intended as a basis for action. The action programme which accompanied it included proposals for 17 legally binding Community directives and the European Commission hoped that these would all be agreed by the end of 1992. While the Government was willing to accept some of these proposed regulations, such as those concerning health and safety, it did not agree with others, such as minimum wages and compulsory schemes of worker participation – 'measures that we all know will add to labour costs and will discourage and not encourage employment'.

By accepting the Charter, Mr Fowler said, the Government would be conceding that the Community had competence to deal with these subjects. This ran counter to the principle of 'subsidiarity' which

[1]The Confederation represents the interests of a large number of employers in Britain.

had been agreed upon at the European Council in Madrid, though subsidiarity was included in the preamble to the Charter.[1] 'Subjects such as holidays and hours of work should not be regulated from Brussels. They are areas in which domestic decisions are the best way of proceeding.'

The Secretary of State said that the move towards 'more flexible patterns of work' had been one of the most positive developments of the 1980s. The Social Charter did not pay attention to the importance of part-time work in Britain. The Government did not want a Social Charter 'that imposes on the rest of the Community a single blueprint based on arrangements that have been developed in one country'. Regarding employee involvement, Mr Fowler said: 'Our disagreement with what the Charter says on that issue does not mean that we are opposed to making progress on employee involvement.' A document on what was happening in Britain in this regard had recently been produced by the Government (see p 439).

The Social Charter raised issues for the future direction of the Community. The most serious of these was 'whether the Community will seize the opportunity of the single market to strengthen the economies of Europe and to bring down barriers to future growth or will become preoccupied with detailed regulation of the lives of its citizens and with imposing new restrictions on business. Will the Community look outwards and prepare itself to compete with the new, fast-growing economies of the far east and Pacific, or will it turn in on itself?' The single market represented an opportunity for Europe to become economically strong enough to shape the world of the twenty-first century.

*Opposition Views*

Speaking for the official Opposition, Mr Tony Blair maintained that the Charter would represent 'an important first step for greater rights for employees' within the Community and was an indispensable part of securing the consent of the people of the Community to the wide-ranging changes of the single European market. The Opposition believed that the Government's refusal to support the Charter undermined the interests of British employees. Fair employment practice and job creation were not inconsistent. Elsewhere in Europe the Charter was widely supported by governments of different political persuasions. The Opposition favoured a just and fair Community that would also be efficient; an internal market unbalanced by the public interest would lead to disorder. The Opposition believed in the Social Charter because it was 'just and fair'.

For the Liberal Democrats, Mr James Wallace maintained that it was 'a fallacy' to insist that jobs would be lost if the Social Charter was implemented. His party considered that the right of workers to information, consultation and participation in industry was important. The Government had failed to address itself to any proper system of industrial relations, and had secured industrial peace in the past ten years through high unemployment. Britain should not, therefore, dismiss what it could learn from its European partners.

[1] Subsidiarity is the principle that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level. In this context, it means that the Community's activities should be limited to those which are better performed in common than by individual member states. The Charter's preamble states that, by virtue of the principle of subsidiarity, 'responsibility for the initiatives to be taken . . . lies with the Member States . . . and, within the limits of its powers, with the European Community'.

## The British Council

**Some 35,000 students, writers, artists, educators, scientists, public servants and governmental officials were welcomed to Britain by the British Council in 1988-89 says the Council's annual report. The Council sent overseas some 3,500 specialists and was associated with more than 1,000 arts events in other countries. The Council has joined forces with business in a campaign to promote British culture in the European Community's single market.**

The British Council, established in 1934, is 'Britain's principal agency for the conduct of cultural relations with other countries'. In keeping with its charter, it aims 'to promote an enduring understanding and appreciation of Britain', increasingly through collaboration with British government departments, multilateral agencies, commercial sponsors, host governments and fee-paying clients. Professional services are provided by the Council in support of British government-funded scholarship schemes and Britain's aid programme. The Council is represented in 82 countries, its offices offering a single channel of educational and cultural access to Britain. The Council's report[1] was published in November.

### Annual Report

*Finance*

The Council's budget in 1988-89 was £286·5 million, comprising a government grant of £79·2 million, the Council's own earnings of £65·9 million and fees and agency funds from the Overseas Development Administration (£129·8 million) and the Foreign and Commonwealth Office (£11·6 million) for programmes managed on their behalf.

In April 1988 the Council established a Business Relations Unit to encourage business sponsorship of the Council's work. Some £1·9 million was attracted in this way in 1988-89; sponsorship from Barclays Bank, for instance, enabled the Council to mount an exhibition of eighteenth- and nineteenth-century British painting at the Prado Museum in Madrid in October 1988. In the autumn of 1989 Marks and Spencer sponsored a touring British fashion exhibition in Eastern Europe. The Council is planning a major cultural initiative, 'Britain in Europe', which is designed to raise Britain's profile in the European Community through arts and other events sponsored by business enterprises seeking promotional opportunities in the single European market in 1992 (see p 461).

In parallel to the encouragement of sponsorship, there was a growing trend during the year towards

[1] *Annual Report and Accounts 1988-89*. Available free from the British Council, 10 Spring Gardens, London SW1A 2BN. ISBN 0 86355 0878.

co-financing of programmes with overseas partners. In February 1989, for instance, the Academic Research Collaboration programme with the Federal Republic of Germany was launched by the Council and the German Academic Exchange Service; in its first year, some £350,000 will be available to support some 80 projects in science, engineering, business-related studies and the social sciences, involving exchange visits between research groups.

The Council also implements projects paid for by other countries. The French Ministry of National Education, for instance, sends English teachers to Britain for three-week summer schools, with the Council monitoring the courses and administering the funds (£150,000 annually) involved. Early in 1989 the Council signed a £2 million agreement with the National Research Council of Brazil providing for the training of up to 500 postgraduate science students in British universities and polytechnics.

*Visits*

Some 60 per cent of the Council's resources in 1988-89 were used to bring 35,000 people to Britain and to send 3,500 British specialists on short-term advisory visits to other countries. In November 1988, for example, the Jordanian Minister of Education visited Britain as the Council's guest to review British resources relevant to a World Bank loan for educational reform. A visit by Bahrain's Minister of Education has been followed by increased British involvement in Bahrain's educational development. Education Ministers from Singapore, Egypt, Poland, Zimbabwe and Hungary also visited Britain during the year.

*Scholarships*

The Council manages the Foreign and Commonwealth Office Scholarships and Awards Scheme, which is designed to support Britain's diplomatic, cultural, developmental, business and trade-related interests. The number of students coming to Britain under the Scheme increased from 1,344 in 1987-88 to 1,686 in 1988-89. The Scheme's budget is expected to increase to £18·25 million by 1990-91 because of increased commitments to a number of countries, including Brazil, the People's Republic of China, India, Mexico, Nigeria and Pakistan, and this is likely to provide more than 3,300 scholarships a year.

Under its own scheme over 900 fellowships were awarded by the Council to young people of promise from 80 countries, with European Community member states accounting for 30 per cent of the total. The aim of the scheme is to reach future leaders, decision-makers and opinion formers, and the fellowships range from six months to two years. The fellowship programmes in the Soviet Union, Poland and Hungary are designed to meet the needs of managers in business studies, law, economics and finance.

Considerable resources are devoted by the Council to encouraging students from European Community countries to study in Britain. A unit was established in Brussels during the year on behalf of a 20-strong group of British universities and polytechnics. It seeks to identify opportunities for joint research, joint degrees and exchange programmes under various schemes financed by the Community.

The Council also jointly administers the Youth Exchange Centre, Britain's national agency for the Youth in Europe Scheme, under which European Community funds are devoted to international study tours, youth exchanges and youth worker training schemes.

*Transfer of Skills*

The Council administers the Technical Co-operation Training Programme on behalf of the Overseas Development Administration (ODA); in 1988-89 nearly 12,500 people trained in Britain under this programme, constituting almost two-thirds of the total number of students from overseas countries handled by the Council. In addition to individual training arrangements, the Council administered over 200 academic links, many on behalf of the ODA; more than 90 per cent of these are in medicine, science and technology and they are designed to encourage the transfer of technical and scientific skills to developing countries.

Management of projects in developing countries is also an important role played by the Council. In India it is involved in 40 ODA collaborative projects ranging from monsoon modelling to optical fibres and from primary education to the development of a national open university. In 1988 it assumed responsibility for an ODA technical education project based in Malawi and serving Southern Africa in general. At the end of March 1989 training contracts with overseas governments, principally those with access to loan or grant finance from multilateral development agencies, embraced 33 projects in 17 countries, with a total value of £25·4 million; they included English teaching, science education, textbook production and industrial training.

*English Teaching*

The Council's network of 52 language centres overseas, managed by a central unit in London, had a turnover of £25·3 million in 1988-89. At any one time there are some 66,000 students; the aim is to offer high quality English teaching, tailored to students' needs in each country.

During the year the Council set up an English Language Promotion Unit to co-ordinate the promotion of British English language teaching (ELT) resources; these include books and examinations, the media, language tuition, training and consultancies. Under the European Space Agency's Olympus project, the Council produced, in collaboration with Oxford University and Oxford University Press, a series of English teacher training programmes for Western Europe. In Hungary a substantial programme of Council ELT support is being built up; preparatory work has been carried out on high-level language teaching for academics. Staff employed by the Hungarian Foreign Language Examinations Board are being trained in language testing.

Over 100 ODA-funded English teaching programmes and projects were managed by the Council; some 200 professional ELT staff were working in ministries and educational institutions overseas. In Bangladesh three ODA-financed English resource centres, attached to the Council's libraries, were opened and in Indonesia experienced English teachers have been posted to institutions hosting ODA technical projects or contributing to the develop-

ment of a national network of ELT centres; the programme includes teaching, training of Indonesian teachers, curriculum development and the provision of materials.

*Information and Books*

The Council handled some 800,000 information enquiries in the course of the year. Following a major review of its information services, the services of individual libraries are being focused on particular groups of people. In developing countries these are often university students, particularly in medicine, engineering and technology. Services in developed countries are concentrating on providing up-to-date information for business, academic research and technology using electronic means. The increased use of on-line databases means that nearly 90 per cent of enquiries are dealt with overseas without recourse to staff in London.

Loans of books and materials from the Council's 116 libraries overseas totalled nearly 8 million. Some 280,000 volumes were added to stock. Book presentations under the aid programme were made to 1,400 institutions in 106 countries where local resources are insufficient to purchase them. There is also an Educational Low Priced Books Scheme, which makes available in developing countries subsidised editions of selected textbooks.

The Council's annual investment in the promotion of British books amounted to £1·5 million. As in previous years, the Council managed and organised the British national stand at the Frankfurt Book Fair and continued to represent Britain at other major book fairs.

*The Arts*

The Council was involved with over 1,000 arts events abroad; in October 1988 an exhibition of contemporary British crafts took place in Japan, the Council arranging the catalogue material and the selection, loan, transport and return of works. It also devised a programme of visits and contacts in Britain for the Japanese organiser and arranged insurance for the exhibits. The National Museum of Modern Art in Kyoto contributed £170,000 towards the costs. Another major Council project was the exhibition of paintings by Francis Bacon in Moscow in September and October 1988, which attracted 150,000 visitors. In January 1989 the Council enabled 120,000 people in Moscow and Tashkent to see a collection of seven new British films. In May 1988 contemporary British writing was celebrated at a three-week festival in Hamburg, with 25 British writers taking part in readings and discussions.

**Britain in Europe**

At the end of October the British Council launched its 'Britain in Europe' project designed to promote British arts and culture in the European Community up to and beyond 1992, the date for the completion of the single European market (see p 49). The Council is inviting sponsors to invest in major arts events, thereby providing British companies with promotional opportunities for their activities in the Community.

The Council initiative was welcomed by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, at the launch of the project on 31 October. Noting that the Council brought the best of British culture to a wide and varied international audience, Mr Hurd said: 'We wish to raise Britain's profile further in Europe, to get people thinking about Britain as well as learning our language, to promote a better understanding and appreciation of British culture among our friends and neighbours. In so doing, we hope we can add further excitement and variety to the European scene with the best of our contemporary thought, music, writing, drama, dance, cinema and fine arts.'

The first major sponsorship is a joint venture between the Council and Guinness plc to take the Royal National Theatre on its first extended European tour to six countries in late 1990. An increase of £6 million in the Government's grant to the Council has enabled it to finance 'Britain in Europe'.

## Aid to Developing Countries

**The priorities for Britain's aid programme in the 1990s were set out by the Minister for Overseas Development, Mrs Lynda Chalker, in London on 8 November. Increases in Britain's aid budget, including its contributions to international bodies and voluntary organisations, have also been announced.**

**Britain's Policy**

Speaking to the all-party Parliamentary Group on Overseas Development, Mrs Chalker said that in the past 25 years people in the developing world had come to live, on average, ten years longer, infant mortality had fallen, disease had been reduced, literacy rates had doubled and primary school enrolment had increased to nearly 90 per cent. These were very considerable achievements and Britain had played its part in bringing them about.

*Poverty*

Noting that a quarter of a century ago the view was that developing countries needed capital to build up their industry and infrastructure, the minister observed that, while aid programmes had tended to reflect this perception, the benefits had not been evenly spread to the poorer sections of the population. 'It became obvious that poverty needed to be tackled more directly and that our aid programmes needed to target the poorest people more explicitly.' This meant detailed and painstaking involvement in rural development and in health, population and other socially-oriented projects. In addition, where non-governmental institutions were better able to reach the poor directly, they had to be backed financially.

Although the eradication of poverty would not be possible without sustainable economic growth, this would not be enough without measures to alleviate the extremes of poverty. It was a difficult balance for the developing countries to get right but Britain was ready to help on both fronts.

*The Environment*

Mrs Chalker said that the environment was rightly at the centre of the aid debate. 'The key question we face, both at home and abroad, is how to align economic and environmental policies so that they are mutually supportive, not mutually destructive.' Although there was no simple answer to this question, some key elements were clear:

**1** Economic growth had to remain an essential element. 'Without it the solutions to environmental degradation will remain, at least for the poor, largely unaffordable.'

**2** The complex social issues raised by current high rates of population growth had to be addressed. Britain's contribution to population programmes had trebled since the late 1970s to over £16 million in 1988.

**3** A better understanding was required of the economic costs and benefits of positive environmental actions. The Overseas Development Administration now had a manual for all aid project managers to help them achieve this, and this should lead to a better informed and directed aid programme.

**4** Donors had to help developing countries to play their part in restoring a viable environmental balance. This was why Britain had recently provided £40 million for forestry and other activities in India (see p 186), had signed an environmental co-operation agreement with Brazil (see pp 309-10), and had committed a further £100 million in bilateral aid to tropical forestry activities over the next three years (see p 429).

**5** Market opportunities for more environmentally benign technologies and products had to be promoted, a process in which the private sector had a vital role to play.

*Disaster Relief*

Increasing resources, said Mrs Chalker, had had to be devoted to coping with disasters caused by both environmental degradation and by man's continuing inhumanity to man. There were an estimated 14 million political refugees, and disasters, such as earthquakes, floods, hurricanes and drought, continued to take a savage toll. In 1988 Britain had spent £60 million on help for the victims of political and natural disaster.[1]

The effects of many disasters could be limited by forethought and sensible planning (see pp 132-3). The International Decade for Natural Disaster Reduction would be starting in 1990 and Britain intended to ensure that these problems were fully addressed by the international community. As a first step, Britain would be hosting in December an international conference aimed at helping Bangladesh with its annual flooding problem, which devastated so much of that country.[2]

[1]In response to the famine in northern Ethiopia, Britain has announced a contribution of £2 million in relief aid, bringing to £13 million the amount of British help for those in need in Ethiopia in 1989. Assistance is being provided through non-governmental organisations. Since the beginning of 1984 Britain has provided £139 million in direct aid to Ethiopia.

[2]The Conference, held on 11 and 12 December, was organised by the World Bank.

*Non-Governmental Organisations*

The official aid programme, said Mrs Chalker, was only one of the instruments available to tackle the problems faced by developing countries. Over the last few years the British Government had sought to strengthen its links with non-governmental organisations (NGOs), which had 'an important and distinctive part to play both in emergency relief measures and in promoting longer-term development'. Through their work in partnership with local communities, NGOs could take measures to deal with poverty, which were often difficult to achieve at a government-to-government level. Support for the long-term development initiatives of NGOs was provided by the British Government's Joint Funding Scheme, the budget for which in 1989 was £16 million (see below).

*Role of the Private Sector*

Noting that the countries that had coped best with the crisis of the 1980s were those that had developed market-oriented economies with strong private sectors, Mrs Chalker said that, wherever possible, Britain would use its influence and aid to 'nudge economies in this direction'. It could also 'help developing countries to re-assess where the proper boundaries of the state lie ... the economic advantages of private sector development are now self-evident in much of the developing world. And our experience in this field is at the service of those who call for it.'

*Structural Adjustment*

Mrs Chalker said that aid in support of countries pursuing programmes of economic reform had become an increasingly important element in Britain's bilateral aid programme. The countries concerned, most of them in Africa, had faced a number of external difficulties. They had also failed to recognise the consequences of domestic policies which could now be seen to have failed badly. Subsequently, they had had to adjust by putting in place – usually with the agreement of the World Bank and the International Monetary Fund – measures designed to ensure the more efficient use of limited national resources. Britain was helping through the provision of balance of payments support, and this 'programme' aid to Africa in 1989 would total well over £100 million.

This 'structural adjustment' was not an easy option and could involve significant, if transitional, economic hardships which arose from the underlying malaise and not the cure. Measures to soften the impact of these on the most vulnerable groups had to be supported. In practice, the use of sensible pricing policies, to encourage rather than discourage farmers to grow food, was the one measure most likely to help the rural poor. Twenty-four African countries had adopted measures with obvious short-term economic and political disadvantages for the sake of achieving long-term growth, and this represented one of the outstanding aid successes of the 1980s.

Policy reform, noted Mrs Chalker, would not bear fruit if developing countries could not cope with their debts. A case-by-case approach was needed to deal with debt problems, and in the case of the poorest debtors government support for adjust-

ment needed to be complemented by debt relief measures. Britain had written off all its old aid debts in Africa worth nearly £300 million, and 13 African countries had already benefited from an international package of debt relief measures put together following a British initiative originally made in 1987.[1]

**The Aid Budget**

Britain's aid to developing countries will rise to £1,587 million in 1990-91 and to £1,680 million and £1,750 million in the two following years. Compared with the original provision of £1,430 million in 1989-90, this represents an increase of 22 per cent in cash terms over the next three years, and of 9 per cent in real terms on the basis of projected domestic inflation.

Commenting on the increases which were announced in the Government's Autumn Statement (see pp 465-8), Mrs Chalker said that they reflected Britain's 'determination to play its full part in promoting sustained and sustainable development and in alleviating poverty in developing countries'. They would enable Britain to continue its support for economic reform in developing countries, particularly those in sub-Saharan Africa, and to commit more resources in support of environmental concerns.

**Multilateral Commitments**

At the annual pledging conference in New York in November, Britain announced that it would contribute £41·6 million to the voluntary funds of the United Nations system in 1990. This will include £27 million to the UN Development Programme, the central funding agency for technical co-operation, £8·5 million to the UN Children's Fund, and £6 million to the UN Population Fund – increases of £1 million, £500,000 and £500,000 respectively, compared with 1989. Britain also pledged £100,000 to the UN Development Fund for Women.

These voluntary contributions are additional to Britain's share of the budgets of the United Nations and its specialised agencies; these are paid on a scale of assessment related to member states' national income.

In addition, Britain is contributing £11·3 million to the third replenishment of the International Fund for Agricultural Development (IFAD), a specialised agency of the United Nations, which helps the rural poor in developing countries to increase food production, improve their nutrition and combat poverty. This is part of a $566 million package negotiated among the 142 member countries to cover IFAD's operations to June 1992. Britain's contribution to the second replenishment, covering the previous three years, was £9·23 million. In addition, it provided £7 million to a special programme for Africa which was funded by voluntary contributions.

**Voluntary Agencies**

Increased support for British non-governmental organisations working in developing countries has been announced.

Funds for the Overseas Development Administration (ODA)'s Joint Funding Scheme, which helps voluntary agencies to fund long-term development projects, usually on a pound-for-pound basis, is to rise by 25 per cent to £20 million in 1990-91. At present, the Fund provides grants to 90 organisations for over 900 projects aimed directly at the poorest countries. The amount given to agencies, such as Oxfam, Christian Aid, the Save the Children Fund, the Catholic Fund for Overseas Development and the World Wide Fund for Nature, will rise from £16·2 million to £20 million. Four volunteer agencies – Voluntary Service Overseas, International Voluntary Service, the Catholic Institute for International Relations and the United Nations Association International Service – are to receive an increase of £1·3 million, bringing the total to £14·3 million in 1990-91. There are over 1,400 volunteers from Britain working in developing countries for whom the ODA meets the bulk of the costs of the programme, with the balance being met by the four agencies through their own fund-raising activities.

Britain's contributions to the International Planned Parenthood Federation (IPPF) in 1990 will be £7·25 million, an increase of £250,000 over its contribution for 1989. Britain is the third largest contributor to the organisation, which, as a federation of 105 family planning associations, is the world's largest non-governmental body working to promote and provide family planning education and services. Britain has also contributed almost £2·5 million to the IPPF AIDS programme since 1987, of which £500,000 will be made available in 1990; in addition, it has agreed to support a project to slow the spread of HIV infection among 'marginalised' communities with limited access to national programmes designed to fight AIDS.[1]

This project will be undertaken jointly by IPPF and Family Health International.

**Recent Bilateral Aid Commitments**

Britain has offered £60 million to Nigeria in support of its economic recovery programme in 1990-91. The offer is conditional on Nigeria sustaining its structural adjustment programme, backed by the International Monetary Fund and the World Bank, and on other donors coming forward with substantial contributions. The new pledge follows the grant of $100 million for expenditure in 1989 in support of the economic recovery programme; some 70 per cent of this has been disbursed, most of it as direct balance of payments aid in support of Nigeria's Interbank Foreign Exchange Market.

In September Britain and India signed a £27·9 million aid agreement to improve primary education in the state of Andhra Pradesh in southern India. The project will cover the whole state, which is about the size of England and Wales and has a population of 60 million and 50,000 primary schools. The grant will fund the construction of over 4,000 classrooms to improved designs and the building or upgrading of 1,100 teachers' centres, mostly in remote rural areas. In addition, teaching materials and in-service training for primary school teachers and all levels of education staff will be provided. British and Indian experts will advise the state government, Britain providing an additional £3·2 mil-

[1]For further information see COI reference paper *Britain and International Debt Relief*, No 313/89.

[1]On 29 November Britain also announced that it would contribute – subject to parliamentary approval – a further £4·5 million to the World Health Organisation programme on AIDS in 1990, bringing the total committed so far to £16·8 million.

lion for this purpose. The new grant represents the second stage of the original project; the pilot stage started in 1983 and operated in 11 districts, where 85 schools (200 classrooms) were constructed.

In July Britain provided $50 million in mixed credits or soft loans to Pakistan (see p 310); the funds are being used to provide British plant and equipment for private sector energy projects; total British aid to Pakistan in 1988 totalled over £23 million. In the same month an agreement was signed with Guyana, under which Britain is to provide £13·7 million of balance of payments assistance in support of a programme of economic reform supported by the International Monetary Fund, the World Bank and a group of Western donors.

## Shorter Note

### NAMIBIA

Britain has welcomed the elections to a Constituent Assembly in Namibia in November.

The results of the election were announced on 14 November, the UN Special Representative, Mr Maati Ahtisaari, confirming that they were fair and free. The South West Africa People's Organisation (SWAPO) won 41 seats and the Democratic Turnhalle Alliance (DTA) 21. Other groups won the ten remaining seats. SWAPO received 57·3 per cent of the vote, the DTA 28·5 per cent and the other groups 14·2 per cent.

On 15 November the Foreign and Commonwealth Office issued a statement warmly welcoming the UN confirmation that the elections had been fair and free. The election had been a remarkable achievement, the Namibian people having responded overwhelmingly to the opportunity to exercise their democratic right. The statement concluded: 'The way is now clear for Namibian political parties to sit down together to decide a constitution. We call on all parties to adhere strictly to the remaining provisions of the United Nations settlement plan, so that Namibia can move peacefully to independence.'

# ECONOMIC AND SCIENTIFIC AFFAIRS

## Autumn Statement

**Tight control of public expenditure combined with increases in spending in priority areas were key elements in the Autumn Statement, presented by the Chancellor of the Exchequer, Mr John Major, to the House of Commons on 15 November. For 1990, a slowing in the rate of economic growth – which had reached unsustainable levels in 1987 and 1988 – and an improvement in the current account of the balance of payments were forecast.**

The Chancellor was delivering the customary Autumn Statement on the expected outturn for public expenditure in the current financial year and government plans for the next three, as well as changes in National Insurance contributions for the following financial year (*Hansard,* Vol 160, No 175, cols 355-76). He was also publishing the economic forecast for the next calendar year as required by the Industry Act 1975 (see p 487, 1975). These are brought together in a single document (the 'Grey Book').[1]

### Public Expenditure

Tight control of public expenditure, Mr Major began, remained a central element in the Government's economic strategy. In the past seven years this had led to a sharp fall in the ratio of public spending, excluding privatisation proceeds, to national income, allowing a dramatic improvement in government finances at the same time as substantial reductions in tax rates. Public expenditure (excluding privatisation proceeds) had amounted to nearly 47 per cent of gross domestic product (GDP) in 1982-83; in 1989-90 the figure was likely to be some 38·75 per cent – significantly below that expected at the time of the last Autumn Statement. For 1990-91 and 1991-92 the plans showed ratios of 39 per cent and 38·75 per cent respectively. These were unchanged from the figures given a year previously and permitted an increase in government expenditure in 1990-91 of around £5,500 million. By 1992-93 the ratio was expected to fall further, to its lowest since the mid-1960s.

In 1989-90 the outturn of public expenditure was forecast at about £168,000 million (see Table 1) – some £1,000 million higher than the original planning total (see p 374, 1988). The increase was partly because of a fall in privatisation proceeds (which, in common with international practice, count as negative expenditure) but was mainly the result of 'massive overspending' by local authorities on both current and capital account. New arrangements for the finance and control of local authority expenditure in England and Wales were being introduced on 1 April 1990 (see pp 17-18 and 245, 1988). The spending outturn showed how necessary these measures were. However, central government expenditure remained firmly under control.

Spending plans for the next three years had been set on the new definition of the planning total announced by the Government in July 1988 (see pp 273-4, 1988), which included central government support for local authorities but excluded their self-financed expenditure. The composition of general government expenditure remained unchanged.

The planning total (under the new definition) had been set at £179,000 million for 1990-91, £192,000 million for 1991-92 and £203,000 million for 1992-93 (see Table 2). Within these totals, estimates for privatisation proceeds were unchanged, at £5,000 million a year. The reserve had been set at substantial levels – £3,000 million in 1990-91, £6,000 million in 1991-92 and £9,000 million in 1992-93.

*Increases in Programmes*

The plans provided for continued growth in spending on the Government's priorities. Details were issued that day by the departments concerned.

Spending on social security was planned to increase from £52,600 million in 1989-90 to £55,600 million in 1990-91 and to £63,500 million in 1992-93. Expenditure on social security benefits would rise at an annual average rate of 4 per cent in real terms over the next three years. The increase reflected the rise in benefits announced in October (see pp 434-8); measures introduced in the same month to help nearly 3 million pensioners; and improvements in help to less well-off families with children and to the disabled and their carers.

The resources available to the National Health Service would rise by £2,600 million in 1990-91 (equal to 5·5 per cent in real terms), allowing current levels of services to be maintained and others to be developed. Resources for health would continue to grow at a faster rate than public expenditure generally.

The defence budget would increase by about £1,000 million a year over the next three years, reflecting the Government's determination to maintain strong defences and to honour Britain's responsibilities under the North Atlantic Treaty Organisation.

[1] *Autumn Statement 1989.* HM Treasury. Cm 879. HMSO, £8·20. ISBN 0 10 108792 6.

Table 1

**General Government Expenditure** *£000 million*

| | 1988-89 outturn | 1989-90 forecast in 1989 Budget | 1989-90 latest forecast |
|---|---|---|---|
| Public expenditure planning total (old definition) | 149·6 | 167·1 | 168·2 |
| Interest payments | 18·1 | 17·1 | 17·8 |
| Other adjustments | 10·8 | 10·1 | 10·3 |
| Total | 178·6 | 194·3 | 196·3 |
| *of which* | | | |
| Privatisation proceeds | –7·1 | –5·0 | –4·2 |

Extra funds would be available for higher education and science. The Government was providing for a significant expansion of higher education; the number of full-time students was expected to rise by about 10 per cent between 1988-89 and 1992-93.

There would be real increases in spending on housing, inner cities, the environment and the national heritage. A sum of £250 million over two years would be made available to house homeless families, especially in London and the South East. There would be new schemes to help voluntary bodies to give an improved service to the homeless.

An additional £150 million would be spent over the next two years on improvements to existing prisons, with the provision of integral sanitation a matter of urgency. Extra resources would also be allocated to combat drug misuse.

Over the next three years, an additional £5,700 million would be spent on motorways and trunk roads and £2,000 million on local roads (see pp

Table 2

**Public Expenditure Plans from 1989-90 to 1992-93** *£ million*

| | Estimated outturn 1989-90 | Plans 1990-91 | 1991-92 | 1992-93 |
|---|---|---|---|---|
| Ministry of Defence | 20,310 | 21,200 | 22,350 | 23,430 |
| Foreign and Commonwealth Office | | | | |
| Diplomatic wing | 840 | 890 | 940 | 970 |
| Overseas Development Administration | 1,620 | 1,710 | 1,810 | 1,880 |
| Ministry of Agriculture, Fisheries and Food | 1,540 | 1,830 | 2,040 | 2,140 |
| Department of Trade and Industry | 1,150 | 1,280 | 1,030 | 930 |
| Export Credits Guarantee Department | 340 | 240 | 70 | –30 |
| Department of Energy | 150 | –160 | 670 | 670 |
| Department of Employment | 3,880 | 3,790 | 3,680 | 3,720 |
| Department of Transport | 3,600 | 4,230 | 4,490 | 4,600 |
| Department of the Environment | | | | |
| Housing | 2,560 | 6,270 | 6,720 | 6,920 |
| Other environmental services and Ordnance Survey | 1,320 | 1,380 | 1,270 | 1,220 |
| Property Services Agency | – | 30 | 0 | –10 |
| Local government | 19,480 | 20,480 | 21,340 | 21,670 |
| Home Office | 4,280 | 4,840 | 5,010 | 5,160 |
| Lord Chancellor's and Law Officers' departments | 1,120 | 1,270 | 1,380 | 1,470 |
| Department of Education and Science | 5,710 | 6,590 | 6,770 | 6,920 |
| Office of Arts and Libraries | 460 | 490 | 520 | 540 |
| Department of Health and Office of Population Censuses and Surveys | 20,130 | 22,180 | 23,480 | 24,610 |
| Department of Social Security | 52,600 | 55,600 | 59,900 | 63,500 |
| Scotland | 8,980 | 9,570 | 10,080 | 10,390 |
| Wales | 3,860 | 4,460 | 4,590 | 4,720 |
| Northern Ireland | 5,760 | 5,970 | 6,240 | 6,460 |
| Chancellor of the Exchequer's departments | 4,160 | 4,610 | 4,880 | 5,140 |
| Cabinet Office, Privy Council Office and Parliament | 320 | 370 | 380 | 400 |
| European Community | 2,030 | 1,870 | 1,670 | 1,990 |
| Reserve | – | 3,000 | 6,000 | 9,000 |
| Privatisation proceeds | –4,250 | –5,000 | –5,000 | –5,000 |
| Adjustment | –200* | – | – | – |
| New planning total | 161,700 | 179,000 | 192,300 | 203,400 |

*For the difference between the assessment of the likely outturn and the sum of the other items shown.
*Note:* Differences between totals and the sums of their component parts are due to rounding.

Table 3
**Economic Prospects**

| | Outturn 1988 | Forecasts 1989 | 1990 |
|---|---|---|---|
| **Output and expenditure at constant prices** (percentage increase on previous year) | | | |
| Domestic demand | 7·25 | 3·75 | 0 |
| *of which* | | | |
| Consumers' expenditure | 6·75 | 3·75 | 1·25 |
| General government consumption | 0·5 | −0·25 | 0·25 |
| Fixed investment | 13·25 | 5·25 | 1·75 |
| Exports of goods and services | 0·75 | 4·75 | 6·25 |
| Imports of goods and services | 12·25 | 9·25 | 1·25 |
| Gross domestic product (average measure) | 4·25 | 2 | 1·25 |
| Manufacturing output | 7 | 4·5 | 1·5 |
| **Balance of payments** | | | |
| Current account (£000 million) | −14·5 | −20 | −15 |
| **Inflation** | | | |
| Retail prices index (percentage increase between fourth quarters of successive years) | 6·5 | 7·5 | 5·75 |

237-40); a further £3,700 million would be invested by British Rail and £1,700 million by London Regional Transport.

### National Insurance Contributions

The Chancellor said that the Government had implemented the reform of employees' National Insurance contributions[1] announced in the Budget.[2] Two of the three step increases in contribution rates had been abolished so that employees who received pay rises taking them just above these steps could no longer lose more, as a result of higher contributions, than they gained in extra pay. In addition, contributions at earnings of £43 a week, when they first became payable, would be more than halved. The measures had reduced contributions by up to £3 a week for nearly 19 million employees and were of particular help to many on modest incomes. They had also removed some important disincentives.

Following the announcement on the uprating of social security benefits, Mr Major outlined the changes in the earnings limits for National Insurance contributions from April 1990. The lower limit for Class 1 contributions would be raised from £43 to £46 a week, in line with the single person's pension, while the upper limit would be increased from £325 to £350. The employee earnings limits below which employers paid contributions at less than the main rate of 10·45 per cent would be raised from £75 to £80 a week (for the 5 per cent band of contributions), from £115 to £125 (for the 7 per cent band) and from £165 to £175 (for the 9 per cent band).

### Economic Forecast

Presenting the Industry Act forecast (see Table 3), the Chancellor said that there was no doubt that the

[1]There are four classes of National Insurance contribution. Class 1, paid by employees and employers, covers the bulk of the working population. Two of the other classes cover the self-employed while the fourth may be paid voluntarily for pension purposes.

[2]See article on pp 134-41, later reproduced as COI reference paper *Britain's Budget 1989*, No 241/89.

Table 4
**Public Sector Debt Repayment** *£000 million*

| | 1988-89 outturn | 1989-90 forecast in 1989 Budget | 1989-90 latest forecast |
|---|---|---|---|
| General government expenditure | 178·6 | 194·3 | 196·3 |
| General government receipts | 190·0 | 206·4 | 206·9 |
| General government debt repayment | 11·4 | 12·1 | 10·6 |
| Public corporations' market and overseas debt repayment | 3·0 | 1·7 | 1·9 |
| Public sector debt repayment (PSDR) | 14·3 | 13·8 | 12·6 |
| As a percentage of gross domestic product (GDP) | 3 | 2·75 | 2·5 |
| PSDR excluding privatisation proceeds as a percentage of GDP | 1·5 | 1·75 | 1·5 |

economy had greatly strengthened over the last decade. There had been eight years of sustained growth in output and living standards combined with moderate inflation. Employment had risen by about 2·75 million since March 1983. However, it was also clear that in 1987 and 1988 demand and output had grown at unsustainable rates. This had become apparent in increased inflationary pressures and a rising deficit on the current account of the balance of payments. There had therefore been a tightening of monetary policy, the effects of which could be seen in the slowing in retail sales and the housing market.

The fiscal position was also very strong. Mr Major now expected the 1989-90 public sector debt repayment (PSDR) to be about £12,500 million – 2·5 per cent of GDP (see Table 4). 'That represents a very tight fiscal stance by any standards.' Both tax yield and expenditure were higher than forecast in the Budget but lower than expected proceeds from privatisation and a very high take-up of personal pensions meant that the PSDR would be slightly below the Budget projection.

Growth in domestic demand in 1989 was forecast at 3·75 per cent, which represented a sharp but inevitable slowing from the 1988 performance of over 7 per cent. Non-oil GDP was expected to grow by 3 per cent in 1989 and GDP as a whole by 2 per cent – a little less than forecast in the Budget because of lower than expected oil production.

Business investment was likely to rise by 9·25 per cent this year, giving a total growth of over 40 per cent in the three years to 1989. This was the largest-ever rise in business investment over a three-year period and was two-and-a-half times as fast as the growth in personal consumption over the same period. This had inevitably contributed to strong import growth and a higher current account deficit in the short run. However, the resulting increase in productive capacity would help to sustain the growth in output and bring the deficit down in due course.

The Chancellor said that, in 1990, tight fiscal and monetary policy would have an increasing impact on both household spending and company spending, which typically reacted more slowly than the household sector. Investment should continue to grow but more slowly than before. The slowdown meant that GDP was forecast to increase by only 1·25 per cent in 1990, bringing the annual average rate of growth in the four years to 1990 to 3 per cent.

As domestic demand slowed, import growth should moderate. At the same time, the strong rise in exports – one of the most welcome developments in 1989 – was forecast to continue. Non-oil exports were expected to increase by over 11 per cent in 1989 – the highest rate since 1973 – with another substantial rise in 1990. As a result, the current account deficit would fall from some £20,000 million in 1989 to about £15,000 million in 1990.

There would also be a further reduction in inflation. The annual rate had already peaked at over 8 per cent in May and June; it had since come down a little. As a result of mortgage rate rises, it would remain high for some months but was forecast to fall to about 5·75 per cent by the fourth quarter of 1990.

Concluding, Mr Major said that the Government's main priority was to bring about a decisive and permanent reduction in inflation. To achieve this, the economy had to slow down for a while. Although 1990 itself might not be an easy year, the economy entered the 1990s 'in incomparably better shape than it entered the 1980s'. Supply-side reforms had strengthened the ability of business and industry to handle short-term difficulties and long-term opportunities. 'I have no doubt that we must stick to the policies that have turned the economy around, and that we are determined to do.'

### OPPOSITION VIEWS

For the official Opposition, Mr John Smith said that high interest rates were hurting but not working. Just as manufacturing investment was rising, interest rates went up, pushing the process into reverse. The current account deficit was 'Britain's gravest economic problem' and had arisen out of 'a fundamental structural weakness in British industry'. Mr Smith maintained that general government expenditure in real terms had been at a standstill over the last five years. 'No wonder that our public services, right across the range, are hardly being sustained, let alone achieving improved standards.'

Mr Alan Beith, for the Liberal Democrats, also criticised the policy of high interest rates. He asked whether the Chancellor accepted the need for some stronger external discipline such as membership of the exchange rate mechanism of the European Monetary System (see pp 50-1) or an independent central bank. The economy was on the edge of a recession and therefore needed 'prudent public expenditure'.

## Training

**Recent developments in training have included the publication of a detailed survey of the level of training (showing that a considerable amount of training is undertaken, with employers playing a leading and increasing role), the establishment of objectives for the 1990s, proposals for the major reform of the Youth Training Scheme, and arrangements for the replacement of most of the statutory industrial training boards.**

### TRAINING SURVEY

The final report on a wide-ranging survey by the Training Agency of vocational education and training in Great Britain was published on 16 November.[1] It is particularly concerned with funding, the level of training, and attitudes towards training. The study utilised existing research and information (such as the annual Labour Force Survey), together with specially commissioned research, including a large-

[1] *Training in Britain: A Study of Funding, Activity and Attitudes.* Training Agency. HMSO, £10. ISBN 0 11 361280 X. Details of the research are contained in *Training in Britain: A Study of Funding, Activity and Attitudes (4 Research Reports).* The reports cover employers' activities, employers' perspectives on human resources, market perspectives and individuals' perspectives. Training Agency. HMSO, £20 (for the four volumes). ISBN 0 11 361279 6.

scale survey of employers' training, studies of decision-making by employers and training providers, and a survey of the attitudes to training by economically active adults. Most of the research was carried out in 1986 and 1987; the report notes that considerable care needs to be taken in drawing broad conclusions from the findings of any individual item of research.

Early findings were issued in 1988 and referred to in the White Paper on employment policy, which included the Government's proposals for a new training framework based on a network of local employer-led training and enterprise councils (see pp 429-33, 1988).[1]

**Training Activity**

The report says that about 350 million days of training (1·5 million man-years) were undertaken by trainees and students in Great Britain in 1986-87, equivalent to about 7 per cent of the number of days worked by all employees in 1987. The largest provider was the further and higher education system, which accounted for about 63 per cent of training days. Some 145 million days were sponsored by employers: 115 million on employers' premises (divided fairly evenly between on-the-job and off-the-job training) and 30 million externally, through colleges and other training institutions. The extent of private provision of external training was greater than previously thought, involving about 2·4 million people and an estimated 15 million days of training.

Employers reported providing training for 48 per cent of their employees in 1986, although one-fifth did not provide any training for their employees during the year. Employees receiving training had an average of 14·5 days during the year. The available evidence suggests a significant increase in employers' training activity in recent years. According to the Labour Force Survey, between 1984 and 1988 the proportion of employees receiving job-related training in the four weeks prior to the survey rose from 9·1 to 13·3 per cent.

Nearly one-third of those aged 16 to 18 were in full-time education in January 1988, while a further 16 per cent were on the Youth Training Scheme (YTS, see p 471). The importance of the latter has grown and in 1988-89 an average of 389,000 people were on the scheme. There has been a decline in the number of apprenticeships (which had traditionally been a main source of long duration training for young people, sometimes lasting three to four years for craft apprenticeships).

Over 300,000 higher education qualifications are awarded each year in Great Britain, and there has been a significant increase during the 1980s, while there is also evidence of an increase in the number of other qualifications awarded outside the school system.

**Funding**

A primary aim of the study was to measure the flow of funds, which provides a measure of the economic significance of training activity as a whole. The report says that the total accounting costs of training in Great Britain, including the implicit cost to trainees of earnings forgone while in training, was probably around £33,000 million in 1986-87, representing 8 per cent of gross domestic product. Employers' net costs are higher than previously thought and in 1986-87 were estimated at some £18,000 million, most of which were met from business revenues. Government expenditure on education and training was some £7,000 million, of which over half took the form of grants and other direct subsidies to providers of external training.

**Training by Employers**

Significant variations in training activity were found for 1986-87, with the health sector providing most training in terms of the number of days per employee (17·6), reflecting the high levels of training given to trainee nurses, followed by education (9·6) and central government (9·5). On average, the number of days training per employee was higher in the public sector (9) than in the private manufacturing (5·4) or private service sectors (6·6). Textiles and clothing, transport and communications, wholesaling and local government gave relatively low levels of training. Large establishments were more likely than small ones to undertake training, although small establishments which did train tended to give the highest levels of training than all but the largest establishments.

The most important influence encouraging employers to undertake more training was the need to improve competitiveness, followed by government measures (such as health and safety measures and training programmes). Decisions on training are usually taken as a response to immediate pressures, and only a minority of employers adopt a systematic approach to evaluating and planning their training. However, although it is often difficult to measure the benefits of training, firms' assessments and academic research indicate that training can make a significant contribution to improving productivity, increasing a firm's capacity to innovate, and raising the morale of the workforce.

**Participation**

The report notes that those most likely to receive training include young people, those with previous qualifications, and skilled and professional workers. They are also more likely to have positive attitudes to training, while older and unskilled workers are more likely to have negative attitudes. However, many people do not consider that they need training, with 42 per cent of the sample of economically active adults interviewed in 1987 saying that they could not envisage future education and training for themselves. There is some evidence that education and training for young people are leading to improved levels of attainment, although a third of people of working age in 1988 reported having no qualifications.

**Training Providers**

Three main types of training provider are identified by the study: a dominant sector of publicly funded institutions, including universities, polytechnics and colleges of higher and further education; non-profit-making providers, including group training associations and industry training organisations; and a sector operating for profit, such as secretarial

[1]This article has been offprinted as part of a COI reference paper *Employment Policy and Training in Britain*, No 322/88.

and commercial colleges. They tend to serve different markets, although competition between providers is limited and focuses on quality rather than price. Most providers have recently implemented substantial changes in both the subject areas and the forms of delivery of their provision. The market for externally provided training is less developed than in some other countries, notably the United States.

### Changing Demands

The report examines how major developments in the 1990s are expected to alter the demand for education and training provision in Great Britain. It says that many recent changes in the occupational structure of employment are expected to continue, for example, the trend towards greater employment of skilled workers and lower demand for unskilled workers, one of the main underlying factors being the rapid introduction of new technology. The completion of the single European market in 1992 (see p 49) and other developments will increase international competition; in order to maintain competitiveness, British business will need to raise the skills of its workforce. A substantial fall in the number of young people will continue until the mid-1990s, while the numbers in most age groups above 25 will increase, pointing to a greater emphasis on continuing training for adults.

Training activity is weighted towards initial rather than continuing training. However, the report says that efforts to increase the level of continuing training will have to overcome the tendency of older employees to have less positive attitudes to training than younger workers, and take account of the likely continuing growth of groups such as the self-employed and part-time workers, who often receive least training. Changes will also be required in the balance between broad types of skills, increasing the need for knowledge-based skills, which tend to be learnt off the job, often through the education system. This will require a greater willingness on the part of individuals to invest in their own development. In addition, rapid changes in technology and the nature of work will increase the importance of entrants to the labour market having a period of broadly based initial training to enhance their adaptability.

### Government View

Announcing the publication of the report, the Secretary of State for Employment, Mr Norman Fowler, said that the study set 'a clear agenda for the 1990s'. It showed evidence of a significant increase in employers' efforts in recent years and demonstrated the contribution that training made to 'improving productivity, and the earnings and employment prospects of individuals'. People were the key to Britain's success, and planned investment in their training was essential.

However, Mr Fowler expressed concern about the attitudes to training revealed by the study and said that the importance and benefits of training had to be demonstrated to the workforce. He was also concerned about the concentration of training on the young, the well qualified and those with highly skilled jobs. The involvement of other groups, particularly the less well educated and those without qualifications, was required. 'We must build a qualified workforce which is better educated and better trained from top to bottom in every organisation.'

## TRAINING OBJECTIVES

Details of a framework of training objectives for the 1990s were set out by the Secretary of State for Employment on 6 December. Mr Fowler said that there must be 'a clear and simple framework of national objectives', which had to be demanding and 'above sectional interests'.

### Young People

For youth training, Mr Fowler said that by the end of 1992 the objective should be that no young person should be employed in a job without training, while two-thirds of young people should have achieved the new National Vocational Qualification level 2 (competence in a broader and more demanding range of activity involving greater individual responsibility and autonomy than at the basic level), and by the end of 1995 all young people should by the age of 18 have a recognised qualification at this level. In addition, by the end of 1992 at least 25 per cent of young people should reach level 3 (an advanced vocational qualification), rising to at least half by the end of 1995.

### Adults

Mr Fowler said that the target should be that by 1992 all employees should be taking part in company-led or developmental activities; by 1995 at least half the employed workforce should be aiming for updated or new qualifications within the National Vocational Qualification framework and should have individual action plans to which they and their employers were committed; and by 2000 a minimum of half the employed workforce should be qualified to level 3 or its academic equivalent, the General Certificate of Education Advanced (A) level.

### Firms

For firms Mr Fowler said that he had endorsed a recommendation by the Confederation of British Industry (CBI) for a major programme which would involve setting standards for investment in people, covering all the workforce. The National Training Task Force (see p 431, 1988) would work with the CBI and others to draw up standards and produce a programme to begin in 1990. The Government would look to the training and enterprise councils (TECs) to ensure that by the end of 1995 all companies in their local communities would report to both shareholders and employees on their investment in people and their development.

### Unemployed People

Mr Fowler said that Employment Training (see pp 108-11[1] and 342, 1988) had demonstrated that large numbers of unemployed people were interested in training. Over three-quarters of participants said that it had increased their self-confidence, improved their work skills and their chance of finding a job; 58 per cent of those completing the scheme were

[1]This article has been offprinted as a COI reference paper *Training for Employment: Britain's New Programme*, No 308/88.

already in jobs or further training. Progress was being made in meeting an objective for the 1990s that all those unemployed and claiming benefit for more than six months should be assisted to enter a job with training leading to a recognised vocational qualification.

### Other Objectives

Mr Fowler said that three other objectives were already well advanced. First, he expected that by the end of 1991 the network of TECs and equivalent local enterprise companies in Scotland should be in operation; 44 TECs, covering 60 per cent of the population, had been given funding and were producing their first three-year business plans. Secondly, the National Vocational Qualification framework should be in place throughout Britain no later than the end of 1992; the framework would need to include Scotland [which had not been originally included as it had developed its own modular qualifications system]. Thirdly, a comprehensive framework of sector training organisations (see below) should also be in place by the end of 1992.

## YOUTH TRAINING

Proposals for reforming youth training, including the involvement of the TECs, were set out by the Secretary of State for Employment in a speech on 21 November at the CBI's annual conference. Mr Fowler referred to the achievements of the Youth Training Scheme (see p 433, 1988), including a substantial increase in the number of young people trained, with over 2 million people trained since 1983; a rise in the number of employers training young people; and an increase in vocational qualifications obtained. However, the YTS had been designed when youth unemployment had been relatively high. The programme needed to adapt to a number of changes in education,[1] including attainment levels in schools, records of achievement, more children staying on at school after 16 and greater links between the education system and industry and commerce.

### Main Features

Mr Fowler referred to the objectives, including ensuring that all young people of 18 or less should either be in full-time education or in a job with training. He said that the TECs would have a major role in delivering Youth Training and would be asked to meet demanding targets for progressive increases in skills attainment, particularly at craft and technician levels. A significant proportion of the TECs' funding would be related directly to their achievement of qualifications and jobs for young people. The TECs would be able to fund improvements in other arrangements which supported training and vocational education, including business-education partnerships, individual learning plans for young people, and improvements in local information and guidance services.

The Government's guarantee of a suitable place in a good quality Youth Training programme for all school-leavers up to the age of 18 would remain unchanged, while all those not employed towards the end of their training would have to be offered some experience of jobs and job-finding facilities. Particular attention would be given to young people with special training needs, for example, individual action plans for those for whom training for level 2 qualifications was not immediately a reasonable prospect.

[1] For information see COI reference paper *Education Reform in Britain*, No 301/89.

## INDUSTRY TRAINING ARRANGEMENTS

Details of the arrangements to succeed most of the statutory industrial training boards (see p 432, 1988) were announced by Mr Fowler on 9 November. He said that new organisations based on the voluntary commitment of employers would take over the responsibilities of the boards in six areas over the next three years: engineering (other than engineering construction), road transport, hotels and catering, clothing and allied products, plastics processing and offshore petroleum. Employers would have greater responsibility and this would lead to more effective training. Strong employer-based industry training bodies were 'a vital part of the new framework needed for training'.

However, in two areas – construction and engineering construction – he had accepted 'the strong arguments of employers that statutory arrangements should continue for the time being'. The Government's view was that a voluntary approach offered a better long-term solution to training needs, and the position would be reviewed in about three years to see if the statutory arrangements were still necessary. Meanwhile, the boards would be reconstituted to give a greater role to employers and would be required to change their levy arrangements to provide exemption for more small companies and to firms with good training records.

# Coal Industry Bill

**The Coal Industry Bill, which provides for a major capital reconstruction of the British Coal Corporation and raises the licensing limits on private coal mines, has received a second reading in the House of Commons.**

### Main Provisions

Clause 1 of the Bill confers on the Secretary of State for Energy the power to make grants to British Coal not exceeding in aggregate the amount of its accumulated deficit at the end of the 1989-90 financial year. Clause 2 amends the Secretary of State's powers to pay grants in respect of restructuring and redundancy costs provided for in the Coal Industry Act 1987 (see pp 390-1, 1986), extending the period in respect of which grants may be paid to 1992-93. The limit on grants, and the amount to which that limit may be increased by order, would be raised from £300 million and £750 million respectively to £1,250 million and £1,500 million. Clause 4 amends British Coal's existing powers to grant production licences to private owners (see pp 206-8, 1988).

The limit on production in opencast operations for each mine would be raised from 25,000 tonnes to 250,000 tonnes and the limit on the number of persons employed in a deep mine from 30 to 150. British Coal would also be empowered to grant exploration licences to persons holding production licences.

**Parliamentary Debate**

The Bill was given its second reading in the House of Commons on 4 December by 272 votes to 184 (*Hansard,* Vol 163, No 10, cols 27-108).

*Government View*

Opening the debate, the Secretary of State for Energy, Mr John Wakeham, said that since 1983 British Coal had lost only 4 per cent of its business, in spite of the dispute in 1984-85 (see pp 47-8 and 77-8, 1985) and falls in the price of competing fuels, particularly imported coal and oil. Productivity had risen by over 75 per cent and operating costs had fallen in real terms by 30 per cent. Since mid-1985 more than 90 pits had closed and the number of employees had fallen from some 220,000 to fewer than 90,000. British Coal had offered alternative jobs to those who wanted to remain in the industry; substantial redundancy pay had been available for those who wished to leave, as well as counselling and retraining, the latter made possible by British Coal Enterprise (see p 184, 1988). New outline three-year contracts (for 1990-93) had been agreed by British Coal to supply PowerGen and National Power (see p 473) with 70 million tonnes a year in the first two years and 65 million tonnes a year in the third year. British Coal's prices would continue to fall in real terms over this period.

Clause 1 of the Bill, Mr Wakeham said, provided for a new deficiency grant which would, unlike the previous deficit grant (see p 391, 1986), enable him to reduce or extinguish British Coal's accumulated losses at the end of the current financial year. The Government did not envisage offering any grant to British Coal after March 1990 because it would be expected to make a profit over the next three years as a whole. Its borrowings in 1989-90, losses over the past three years, provisions in respect of concessionary coal and industrial deafness, and the write-down of colliery assets could amount to more than £5,000 million, which would be remedied by the deficiency grant, a large part of which would be payable when the Bill received the Royal Assent. The increase in the restructuring grant allowed by Clause 2 was urgently required because the existing £750 million had been fully committed. There were unreimbursed costs outstanding as a result of redundancies in 1989-90, the Secretary of State continued. 'It is generally recognised that the number of jobs will continue to fall as collieries exhaust their economic reserves and as manpower-saving investment comes to fruition. ... the grant is vital if British Coal is to be able to afford appropriate redundancy terms.'

Mr Wakeham commented that private sector coal-mining, under licence from British Coal, produced between 2 and 3 per cent of Britain's total output. Although Clause 4 sought to increase the numbers that could be employed underground in private mines and the production of private opencast mines, these increases had to be kept in perspective. The smallest British Coal mine had about 250 employees and while there were a few British Coal opencast mines with tonnages of less than 250,000, they accounted for only a tiny fraction of its output. The Government also sought to allow the working of deposits too small for British Coal to consider and too large to be worked by licensees under the present limit. As for concerns for health and safety in private mines, he pointed out that the overall accident rate, though higher than in British Coal mines, had fallen in each of the last three years, and investment in safer and more efficient equipment and techniques was likely to be forthcoming only if the mines could be worked more intensively, which meant increasing the manpower ceiling.

*Opposition Views*

The chief Opposition spokesman on energy, Mr Frank Dobson, questioned the safety record of private pits and the desirability of allowing more miners to work underground, but he welcomed the decision to write off the debts of British Coal, even though, in the Opposition's view, it was being done to prepare the industry for privatisation. He opposed a tenfold increase in the size of private opencast workings, arguing that private operators had little care for the environment, did little to protect local communities, and, in some cases, had failed to restore old workings to agricultural use. The coal industry, he continued, had been deprived of the research and development necessary to improve its competitiveness, less coal was mined in Britain, and increased fuel imports would worsen the trade deficit.

For the Liberal Democrats, Mr Malcolm Bruce supported the Bill, but said that British Coal had a vested interest in preventing private competitors from moving into its market and that its control over licensing should be removed. He regretted the expansion of opencast mining in a small country where considerable environmental damage might result.

*Government Response*

In his reply, Mr Michael Spicer, Parliamentary Under-Secretary of State for Energy, denied Opposition charges of government neglect of the coal industry and said that the Bill would enable the Government to spend another £6,000 to £7,000 million on the industry, in addition to the £10,000 million paid in government grant since 1979 – the cost running at £2 million every working day. It had also spent a further £8 million on research into clean coal technology (see p 356). The Bill had been introduced because 'British Coal's finances have reached a point where unless something is done about them, its ability to meet its financial obligations might increasingly be called into doubt'. Referring to the case for small specialist mines, Mr Spicer mentioned a proposal to open a mine in south Wales which would employ over 100 people and would produce a substantial tonnage of anthracite that would otherwise be imported. He confirmed that privatisation of the coal industry was not envisaged in the current Parliament, but if privatisation proceeded after the next general election, the licensing role of British Coal would be removed.

# Nuclear Power and Electricity Privatisation

**The Government has decided that all the nuclear power stations in Great Britain will remain in the public sector after the privatisation of the electricity supply industry.**

### England and Wales

In the House of Commons on 9 November (*Hansard*, Vol 159, No 171, cols 1175-6) the Secretary of State for Energy, Mr John Wakeham, said that preparations for electricity privatisation (see pp 16-19) had revealed that the costs of nuclear power would be higher than those of power from fossil-fuelled generating stations. This had led in July to the conclusion that the Magnox stations should remain under government control (see p 321). In the Government's view, the arrangements for nuclear power should strike a balance between the interests of the taxpayer, the electricity consumer and the shareholder, and it had not been willing during later discussions to give unprecedented guarantees to private contractors against future cost increases. It had therefore concluded that the English advanced gas-cooled reactors (AGRs) and the pressurised water reactor (PWR) at Sizewell B (see pp 65-7 and 104-5, 1987) should remain in a company owned by the Government. This company, Nuclear Electric plc, would inherit all the nuclear-related assets of the Central Electricity Generating Board (CEGB), as well as its expertise in health and safety. The company could be expected to provide between 15 and 20 per cent of electricity in England and Wales in the mid-1990s and would be able to construct and operate new nuclear capacity, but would not own any fossil-fuelled stations. The CEGB's other power stations would be allocated between the two generating companies, National Power and PowerGen, as previously announced.

The Government, Mr Wakeham said, wanted to preserve the strategic role of nuclear power, maintain diversity of supply, avoid too great a reliance on a single fuel and obtain the benefits of this environmentally clean source of energy. There were already a number of proposals for new generating projects based on combined cycle gas turbine technology, which would lead to lower carbon dioxide emissions (see p 108). The Government would also fund any justifiable investment, subject to the views of the Nuclear Installations Inspectorate, to extend the lives of at least some of the Magnox stations. The non-fossil fuel obligation (see pp 17-18) would be set at a level which could be satisfied without the construction of new nuclear stations beyond Sizewell B. He was therefore asking the CEGB urgently to consider whether it wished to proceed with its applications to build PWRs at Hinkley Point C (Somerset), Wylfa B (Gwynedd) and Sizewell C.[1]

The Government, the Secretary of State continued, would set aside 600 megawatts[2] for renewable sources of energy (see p 241, 1988) within the non-fossil fuel obligation. His proposals would not affect carbon dioxide emissions until the turn of the century, by which time gas-fired power stations could be playing an important role in electricity generation, and 'by maintaining the nuclear option we are creating the opportunity for a longer-term contribution from economic nuclear power'. The prospects for nuclear power would be reviewed as Sizewell B neared completion in 1994. Since the price of nuclear electricity was likely to be somewhat higher than that of fossil-fuelled electricity, the fossil fuel levy [to be raised on all sales of electricity from sources that could be environmentally damaging, including fossil fuels] would be used so that the additional cost would be shared by all electricity suppliers.

Speaking in the House of Commons on 13 November (*Hansard*, Vol 160, No 173, col 9), Mr Wakeham said that the Government intended to implement the new structure of the industry in England and Wales at the end of March 1990, and to complete its privatisation within the time of the present Parliament. The electricity boards would be offered for sale in autumn 1990 and National Power and PowerGen in the first half of 1991.

### Scotland

Also in the House of Commons on 9 November (cols 1184-5), the Secretary of State for Scotland, Mr Malcolm Rifkind, announced a reassessment of the restructuring and privatisation plans for the electricity supply industry in Scotland (see pp 18-19). Scotland's nuclear stations, which included the AGR stations at Torness (Lothian) and Hunterston B (Strathclyde), and which represented 25 per cent of the generating capacity of the Scottish boards, would remain in the public sector. The Scottish nuclear company, Scottish Nuclear Ltd, would also be publicly owned, would be responsible for the safe operation of the stations and would enter into contracts for the sale of its output with the privatised Scottish supply companies, Scottish Power [to take the place of the South of Scotland Electricity Board] and Hydro Electric [to take the place of the North of Scotland Hydro-Electric Board]. Investigations were in progress, he said, to upgrade the capacity of the interconnector between Scotland and England, which would mean a further opportunity to export Scottish output to England and Wales, thus contributing to diversity of supplies there.

Scottish Power and Hydro Electric, Mr Rifkind said, would own about 75 per cent of Scotland's generating capacity and employ 14,000 of the 16,000 staff in the Scottish industry. The Government intended to prepare the companies for privatisation within the time of the current Parliament.

[1] In a statement on 21 November the CEGB announced that it had decided to withdraw its applications to build PWRs at Wylfa B and Sizewell C. It would proceed, however, with its application to build a PWR at Hinkley Point C, and cited the value of the inquiry inspector's judgement on the evidence, particularly on safety, presented by all parties over the past 13 months.

[2] 1 megawatt = 1,000 kilowatts.

# Water Companies Flotation

**Some 2,183 million shares in the water holding companies of England and Wales went on sale at**

**the end of November. Over 2·7 million applications were received from the public for over 2,900 million shares. Because of the demand the Government has increased the allocation to the public and reduced the proportion of the shares destin d for institutional and overseas investors.**

In a statement on 11 December, Mr Michael Howard, Minister of State at the Department of the Environment, said that over 2·7 million applications ha ! been received for shares in the ten water public limited companies (plcs; see pp 20-4), the second highest level of applications for any privatisation. The public offers had been nearly 5·7 times subscribed overall, with applications for shares worth nearly £7,000 million. 'The offers have gone so well', he said, 'that we have triggered the clawback [whereby shares destined for sale to institutions and abroad are reduced in number to satisfy demand by the public] of shares from the overseas offers and from the institutional placing for every one of the ten offers. This has increased the number of shares available to the general public by nearly 450 million so that the proportion of the total shares available to the public has risen from 26·6 per cent to almost 47 per cent.' Some 37,500 employees had become shareholders in their own company.

### Background

Most of the property, rights and liabilities of the former water authorities (see pp 20-4) were transferred to the ten new plcs, owned by ten holding companies, on 1 September, under the terms of the Water Act 1989 (see pp 321-2). The remainder was transferred to the National Rivers Authority (see p 20). In 1988-89 the capital expenditure of the ten water and sewage businesses came to some £1,100 million; their total turnover was nearly £3,200 million; and their aggregate operating profits were almost £1,200 million. On average, the ten businesses put 13,000 million litres[1] of water a day into their supply systems. Average daily domestic use is about 136 litres a head. The distribution systems include some 234,000 km (146,000 miles) of water mains. There are about 290,000 km (180,000 miles) of sewers and over 6,400 sewage treatment works, treating over 16,000 million litres of sewage a day.

On 22 November, J. Henry Schroder Wagg and Co Ltd (the merchant bank handling the flotation) offered for sale on behalf of the Government 2,183 million ordinary shares in the ten water companies, at a price of £2·40 a share. The issue was fully underwritten. Arrangements for the sale were announced in the House of Commons by the Secretary of State for the Environment, Mr Christopher Patten, on the same day (*Hansard,* Vol 162, No 2, written answers, col 3). Private buyers who had registered with the Water Share Information Office by 15 November were eligible for discounts (see below). The offer price is payable by instalment: £1 on application, 70p in July 1990 and 70p in July 1991.

Special provisions in the articles of association of each plc are designed to prevent any person owning or controlling 15 per cent or more of the voting share capital in the period up to 31 December 1994 or, if earlier, the date of the redemption of the special share (see p 475). Different provisions apply for Welsh Water.

### Allocation of Shares

Details of the allocation of shares were announced on 11 December. It had been intended to make 23·55 per cent of the total offer of shares for each company available to the public. In view of the substantial demand, however, this allocation had been increased to 46·875 per cent. Of the 2·7 million applications, 1·35 million were from customers applying for customer incentives.

[1] 1 litre = 0·22 gallon.

**Applications from the General Public by Company**

| | Number of applications* (thousands) | Number of shares applied for* (millions) | Number of times subscribed after clawback† | Number of customer preferential applications (thousands) |
|---|---|---|---|---|
| Anglian Water | 267·8 | 300·5 | 2·2 | 142·9 |
| Northumbrian Water Group | 262·1 | 275·6 | 9·0 | 46·6 |
| North West Water Group | 234·4 | 265·4 | 1·6 | 137·0 |
| Severn Trent | 306·8 | 306·4 | 1·8 | 186·2 |
| Southern Water | 257·4 | 261·5 | 3·4 | 128·6 |
| South West Water | 126·7 | 146·8 | 2·6 | 32·3 |
| Thames Water | 669·0 | 777·9 | 4·3 | 440·5 |
| Welsh Water | 137·2 | 138·8 | 2·1 | 58·3 |
| Wessex Water | 185·8 | 193·2 | 4·0 | 82·6 |
| Yorkshire Water | 202·8 | 241·8 | 2·6 | 93·7 |
| Total | 2,650·0 | 2,908·0 | 2·8 | 1,348·7 |

* In addition, some 66,600 applications for 3,800,000 shares were received under the employee free offer and the employee matching offer, making over 2·7 million applications in aggregate.

† Shows the number of shares applied for by the general public (excluding applications under the employee free and matching offers) as a multiple of the total number of shares available, after clawback, to the general public and employees.

*Customer Applications*

Customers registered with the Water Share Information Office by 15 November could apply for one of three special incentives:

**1** a customer share bonus under the offer for sale for the customer's supplying company;

**2** a customer discount;

**3** a non-customer share bonus under the offer for sale for any one other company.

In addition, a customer applying for a customer share bonus or a customer discount was entitled to preferential allocation. Under the customer share bonus, one bonus share, which must be held until 31 December 1992, will be granted for every ten shares purchased. The maximum number of bonus shares which may be received by one customer is 300. Under the customer discount, an applicant can receive a discount of 10p a share off the second and 10p a share off the final instalment, up to a maximum discount of £300 (£150 for each instalment). A share must be held continuously until 28 June 1990 to receive the discount on the second instalment. To receive the discount on the final instalment, a share must be held continuously until the record date (expected to be 27 June 1991) for the preparation of combined interim certificates and call notices to pay the final instalment. Under the non-customer share bonus, an applicant may receive one bonus share for every 20 shares bought in the relevant company and these shares must be retained until 31 December 1992. The maximum number that may be held by one shareholder is 150.

*Public Applications*

Non-customer applications for 100 shares, the minimum number that could be applied for, were met in full, but larger applications were considerably scaled down. In four out of ten companies applications for 500 shares were met in full. Applicants for 20,000 shares and above, however, were granted 20 per cent of this figure by North West Water, 10 per cent by Anglian Water, Severn Trent and Welsh Water, and 5 per cent by Southern Water, South West Water, Thames Water, Wessex Water and Yorkshire Water. The most heavily subscribed company was Northumbrian Water, the smallest of the ten, which received applications for 17 times more shares than were available before clawback and nine times after clawback. Thames Water, the largest company, received the highest number of applications and was 4·3 times oversubscribed after clawback (see Table).

*Employee Shareholdings*

An additional 3 per cent of the shares in each company were reserved for the employee free offer and the employee matching offer, and some 66,600 applications for 3·8 million shares were received. To qualify for the free offer (shares worth some £100), an employee had to have been in continuous employment with his or her company since April 1974. Such free shares are put in trust and may not be withdrawn for two years. If they are withdrawn after two years and before five years are up, proceeds from their sale will be taxable. Under the matching offer, an employee could apply for shares worth £200, whereupon he or she was awarded an additional value on a 2 for 1 basis (maximum total under the offer £600).

*Other Applicants*

Of the total offer, 18·5 per cent was reserved initially for overseas investors in Japan, Europe, Canada and the United States. This percentage has had to be reduced by one-quarter to 13·875 (7·3 per cent to Japan, 3·6 per cent to Europe, 1·6 per cent to Canada, and 1·3 per cent to the United States) in each company. The placing of shares with institutions has been reduced from 54·95 per cent to 39·25 per cent in each company.

**Government Shareholding**

The Secretary of State for the Environment retains a special share in each company in England which gives him power to prevent a takeover during the first five years (until 1994), if he considers it in the national interest. For Welsh Water the special share, and its accompanying power, will be held in perpetuity by the Secretary of State for Wales.

## Research and Development

**The Government's annual review of research and development shows that government research expenditure in 1987-88 was some £4,600 million, about the same as in 1986-87, and represented 4·2 per cent of total central government expenditure. Total research and development expenditure in Britain in 1987, measured according to international definitions, was some £9,500 million, about 6 per cent greater than in 1986, and represented 2·3 per cent of gross domestic product.**

The 1989 review,[1] published on 25 October, is the seventh in a series that was established in response to the first report of the House of Lords Select Committee on Science and Technology in 1982 (see p 260, 1982). Its purpose is to assist the Government in decisions related to science and technology. It gives details of expenditure on research and development (R & D) by government departments, by the research councils and by the University Grants Committee (UGC), the predecessor of the Universities Funding Council (see p 427, 1987). The review also includes the results of the latest survey of R & D performed in industry in Britain, giving figures for 1987; details, at greater length than in previous editions, of R & D manpower employed by both government and industry; separate treatment, for the first time, of European Community R & D and the background to the European Community's Framework Programme; and international comparisons of British R & D activity within the context of European Community and Organisation for Economic Co-operation and Development (OECD) countries.

**Government R & D**

The Government spent some £4,620 million on R & D in 1987-88, largely on science and technology, but

[1] *Annual Review of Government Funded R & D 1989*. Cabinet Office. HMSO, £11·80. ISBN 0 11 430040 2.

Table 1
**Expenditure on R & D in Broad Groups on Industry, 1975-87**

*£ million*

| | 1975 | 1978 | 1981 | 1983 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|---|---|
| Chemicals and allied products | 227 | 394 | 617 | 735 | 942 | 1,038 | 1,303 |
| Mechanical engineering | 98 | 174 | 234 | 250 | 263 | 268 | 286 |
| Electronics | 284 | 657 | 1,235 | 1,474 | 1,759 | 1,950 | 1,855 |
| Other electrical engineering | 73 | 101 | 121 | 118 | 126 | 152 | 142 |
| Motor vehicles | 88 | 130 | 180 | 240 | 372 | 394 | 450 |
| Aerospace | 292 | 425 | 763 | 720 | 818 | 830 | 871 |
| Other manufactured products | 213 | 333 | 361 | 334 | 395 | 438 | 463 |
| All manufactured products | 1,275 | 2,213 | 3,512 | 3,870 | 4,673 | 5,070 | 5,370 |
| Non-manufactured products | 65 | 112 | 281 | 294 | 448 | 880 | 967 |
| Total | 1,340 | 2,324 | 3,792 | 4,163 | 5,122 | 5,951 | 6,337 |

*Note:* Differences between totals and the sums of their component parts are due to rounding.

including £160 million on social science and the humanities through the UGC and the Economic and Social Research Council. The total was much the same as in 1986-87 and less than predicted in the previous review on account of a shortfall in defence R & D expenditure. Civil R & D amounted to £2,380 million, 2 per cent more than in 1986-87, while defence R & D expenditure was £2,240 million, about 1 per cent less. Defence expenditure is planned to remain at less than half the total in future years.

Tables in the review give a breakdown of the total expenditure by department; by primary purpose, a categorisation relating research to other aspects of government activity; and by type of activity, a categorisation (which originated in the OECD) indicating the extent to which research is pure or applied. The review also gives an analysis of the overall distribution of funding, that is the value of research carried out in different institutions, and the current and projected levels of research manpower. More detailed tables give the distribution of individual departments' expenditure and break it down by subject area and primary purpose.

In 1987-88 some 26 per cent of civil R & D expenditure was by the research councils and 32 per cent by the UGC, compared with 24 per cent and 31 per cent respectively in 1986-87. There was a corresponding decrease in the proportion spent by the civil departments of government. Expenditure by the research councils is planned to increase further and that of the departments to decrease, both in money terms and proportionally. This reflects the Government's responsibility for the support of the underlying science and technology which, in the future, industry itself will be able to exploit.

In addition to the increases projected in the review, a further increase in the Science Budget (see p 326), in effect the funds for the research councils, was announced by the Secretary of State for Education and Science, Mr John MacGregor, on 15 November following the Autumn Statement by the Chancellor of the Exchequer (see p 465). The increase amounted to £175 million over the years 1990-91 to 1992-93. This will bring the research councils' budget in 1990-91 to £897 million, compared with an expenditure in 1987-88 of £615 million.

Among the civil departments, the Department of Trade and Industry (DTI) had the biggest budget in 1987-88, at £324 million almost a third of the total for civil departments. Gross expenditure by the DTI was £374 million, 55 per cent of it in industry, partly offset by receipts of £49 million. Other major spending departments were the Department of Energy, largely through the United Kingdom Atomic Energy Authority, and the Ministry of Agriculture, Fisheries and Food, in its own establishments and through the research councils.

More than 97 per cent of R & D expenditure by the Ministry of Defence (MoD) was in support of government procurement, and this accounted for almost all such R & D. The bulk of it was carried out either in MoD establishments or (the largest portion) in industry, and was classified as experimental development, the most applied category of research. The civil departments' expenditure was in support of policy and to improve technology, with a significant proportion spent on support for statutory duties. The largest element of research council expenditure was on the advancement of science, with the improvement of technology and support of policy taking smaller shares. The bulk of UGC expenditure also went to the advancement of science, with a smaller part going to the improvement of technology. In addition, the UGC was responsible for all support for the humanities.

Correspondingly, 35 per cent of civil R & D was basic research, mostly funded by the research councils and the UGC. Some 8 per cent was experimental development, all funded by the civil departments.

The survey outlines the structure of European Community R & D where Britain's contribution is in addition to its other funding of R & D. The Community's current Framework Programme is for the period 1987-91 and the overall British contribution will be some £660 million.

### Expenditure in Industry

Figures for expenditure on R & D in industry, including that funded by the Government, derive from a full survey of industry carried out in 1985 and updated by a sample survey in 1987 (see p 66). They show that some £6,337 million was spent in industry in 1987, representing an increase of some 6 per cent

Table 2
**R & D Performed in Each Sector in Britain According to Source of Finance, 1987**

*£ million*

| | Sectors carrying out the work | | | | |
|---|---|---|---|---|---|
| | Government | Higher education | Industry | Other | Total |
| Sectors providing the funds | | | | | |
| Government | 1,198 | 1,072 | 1,229 | 156 | 3,655 |
| Higher education | – | 55 | – | – | 55 |
| Industry | 153 | 74 | 4,324 | 146 | 4,697 |
| Overseas | 34 | 38 | 784 | 8 | 865 |
| Other | 41 | 100 | – | 40 | 181 |
| Total | 1,426 | 1,340 | 6,337 | 350 | 9,452 |

*Note:* Differences between totals and the sums of their component parts are due to rounding.

in cash terms and 1·6 per cent in real terms as compared with 1986 (see Table 1). Industry's own share of this funding rose from 65 per cent in 1986 to 68 per cent in 1987, with 20 per cent coming from government and 12 per cent from overseas.

**Overall Figures and International Comparisons**

The review includes a breakdown of total British R & D by sector in which it is performed and by source of finance. This is in terms of OECD definitions of R & D expenditure and is not directly comparable with previous tables. It gives a gross figure of £9,452 million for R & D in 1987, some 6 per cent greater than for 1986 (see Table 2). The government contribution to this was about 40 per cent and industry's about 50 per cent, most of the rest coming from overseas. These proportions are broadly unchanged from 1986.

In 1987 Britain accounted for 15 per cent of civil R & D expenditure by European Community governments and for 43 per cent of defence R & D. Corresponding figures for the Federal Republic of Germany were 28 per cent and 13 per cent, for France 23 per cent and 38 per cent and for Italy 18 per cent and 4 per cent. Total expenditure on R & D was estimated to be 2·3 per cent of gross domestic expenditure in Britain – the same as in France – 2·8 per cent in the Federal Republic of Germany, 1·3 per cent in Italy, 2·9 per cent in Japan and 2·7 per cent in the United States.

# Shorter Notes

## COMMUNITY CHARGE

Two measures to ease adjustment to the community charge (see pp 17-18 and 245, 1988) were announced by Lord Hesketh, Parliamentary Under-Secretary of State at the Department of the Environment, on 11 October.

Lord Hesketh explained that the switch from domestic rates to the community charge would mean changes in the amount to be raised from residents: some areas would have to raise more than before and others less. The 'safety net' scheme of transitional relief, whereby gaining areas would ease the losses suffered by losing areas, would last until 31 March 1991. From 1 April 1991 to 31 March 1994 the Government would pay specific grant to losing areas to protect them against their losses, the amount of grant falling in each successive year. Lord Hesketh said that the Government believed, and Parliament had accepted, that the new system of paying for local services would, once it was fully in operation, prove much fairer and more stable than the old. The present proposals would ensure that the changeover was kept to manageable proportions and that the community charge could be phased in smoothly.

Under the second measure, people suffering from degenerative mental conditions were exempted from the community charge. (Already exempt are 18-year-olds still at school, the severely mentally handicapped, those in old people's homes, patients living in hospitals, convicted prisoners, foreign diplomats and members of visiting forces.)

Source: Department of the Environment press notice, 11.10.89.

## EMPLOYMENT SERVICE

The Government's intention that the Employment Service should become an executive agency from April 1990 and proposals for amalgamating jobcentres and benefit offices were announced by the Secretary of State for Employment, Mr Norman Fowler, on 1 December. Mr Fowler said that the Employment Service had been among the initial candidates for agency status under the Next Steps initiative, which aimed to deliver government services more effectively (see p 407). It employed 35,000 staff, helped over 6·5 million people a year and had an annual budget of nearly £1,000 million, and would be the largest agency created so far. The change would 'improve significantly its ability to help unemployed people back to work, thereby helping employers fill their vacancies, and to administer payment of unemployment benefit'.

The Service was created in 1987 from the merger of the former unemployment benefit service (dealing with the administration of benefits) and the jobcentre network (which provides details of vacancies and other information on jobs or training). However, at local level jobcentres and benefit offices have continued to be managed in most locations as separate units, and there are some 1,000 jobcentres and 1,000 benefit offices on 1,800 sites. Mr Fowler said that a new network of offices, offering the whole range of Employment Service activities wherever possible, was the best way for the services to be provided. The Employment Service would be undertaking major investment, with the aim of having most of the network of 1,100 or 1,200 integrated offices (some in new premises) in place by 1992.

Source: Department of Employment press notice, 1.12.89.

## MANUFACTURING

The Minister of State for Industry and Enterprise, Mr Douglas Hogg, welcomed the publication on 28 November of a report, *Manufacturing into the Late 1990s,* designed to help manufacturing industry meet, and profit from, the competitive challenges of the coming decade.

The report was commissioned by the Department of Trade and Industry as part of its 'Managing into the 90s' programme, which seeks to encourage the best practice in the management of design, quality, manufacturing, and purchase and supply. The report sets out the opportunities and threats which will be presented to British manufacturing industry in the next decade and suggests appropriate responses.

Opportunities include more open markets after 1992 in the European Community; high growth in the Pacific rim region; changing demographic balances in the British population, creating important new consumer groups; markets for products and services which do not damage the environment; demand for high-value products and a widening of consumer choice. Threats identified include the possible negative impact of the world economy slowing down; the volatility of interest and exchange rates; increased competitiveness of newly industrialised countries; skill shortages; lower output and higher labour costs, created by a dwindling population of younger people; pressures from environmental concerns, which could constrict industry's growth; the keenness of competition resulting from the completion of the single European market in 1992 (see p 49); and the size and power of international competitors.

Several responses are suggested by the report which could help British industry to improve its competitiveness: increasing the speed of development; introduction and delivery of new products to markets; giving greater attention to human resources in order to attract and retain staff within flexible organisations; and practising an integrated business approach by which information and decision-making are shared.

Sources: *Manufacturing into the Late 1990s.* PA Consulting Group for the Department of Trade and Industry. HMSO, £20. ISBN 0 11 515206 7; Department of Trade and Industry press notice, 28.11.89.

## CHANNEL TUNNEL RAIL LINK

British Rail has selected a private sector partner for the Channel Tunnel rail link (see pp 159-60) and has announced changes to the scheme, affecting the route into London. On 3 November it announced that its partner would be a consortium known as Eurorail Ltd, comprising Trafalgar House and BICC (Balfour Beatty).

Since its choice of a route in March, detailed proposals designed to overcome the main environmental concerns have resulted in a considerable increase in the project's cost and led British Rail to conclude that the complete line as envisaged could not be funded commercially. British Rail and Eurorail have therefore decided to defer introducing the required Bill in Parliament until the next available opportunity in November 1990. While the proposed section from the tunnel terminal near Folkestone through Kent to Swanley will remain as planned, the high cost of continuous tunnelling between Swanley and London (King's Cross) means that urgent measures will be taken to find an alternative solution which will allow the project to be viable. The solution might include a phased construction programme and improved access by road to the rail services through an additional international station near the M25 London orbital motorway near Swanley.

In a statement in the House of Commons on 3 November on the progress of the project, the Secretary of State for Transport, Mr Cecil Parkinson, noted that British Rail planned to spend over £1,000 million on upgrading the rail network in Kent and London, on developing an international terminal in London (Waterloo) and on rolling stock, so that a full international passenger and freight service could start on the opening of the Channel Tunnel in June 1993. He said that the broad scope of the joint venture had been settled and it would also include the operation of international rail services. Details had still to be negotiated and his approval to the final agreement would be required. However, he was 'greatly encouraged by the clear indications . . . from the private sector that Channel Tunnel rail services, including a new Channel Tunnel rail link, can be financed commercially and that the new link can still be brought into operation in 1998'. He accepted British Rail's judgement of waiting until all the details of the route through London had been agreed before introducing a private Bill, and that would also give opportunity for further refining the measures proposed for Kent. He confirmed the Government's policy that no subsidy would be given to Channel Tunnel rail services.

Sources: *Hansard,* Vol 159, No 167, written answers, cols 346-7; British Railways Board press notice, 3.11.89.

## LARGE ELECTRON-POSITRON COLLIDER

The world's largest scientific instrument, the Large Electron-Positron Collider (LEP), was formally inaugurated on 13 November in the presence of the representatives of the 14 member states of the European Organisation for Nuclear Research (CERN). Britain was represented by the Secretary of State for Education and Science, Mr John MacGregor, Mr Robert Jackson, Parliamentary Under-Secretary of State at the Department of Education and Science, and the Chairman of the Science and Engineering Research Council (SERC), Professor William Mitchell.

Britain has contributed to the £400 million cost of building the LEP through its annual subscription to CERN, which amounted to £50 million in 1989. Of the 130 British physicists and 60 SERC-supported students who use the CERN facilities a majority is involved with the LEP, including three of the four large detectors for the particles which the machine produces. Many parts of the detectors have been built in British laboratories.

Source: SERC press notice, 13.11.89.

## STRAW AND STUBBLE BURNING

The Government has decided on a ban of straw and stubble burning following a review of the policy and effectiveness of existing controls (see p 96, 1984, and p 19, 1986). In a statement in the House of Commons on 30 November, the Minister of Agriculture, Fisheries and Food, Mr John Gummer, said that the problems caused by the practice had returned, even after the Government had strengthened model bylaws providing for greatly enhanced controls (see p 22, 1985). A ban would therefore come into force in England and Wales in autumn 1992. This would give farmers three seasons to adjust and to develop alternative methods of cultivation. Powers to institute a ban would be included in a Bill to control pollution and waste. Limited exemptions were envisaged, Mr Gummer said, but it was not proposed to introduce a system of licences to burn under any exemption. He proposed to discuss with the National Farmers' Union how the existing code of practice should be strengthened and applied during the period before the ban.

The Government was spending some £700,000 in 1989-90, he concluded, on research and development into alternative uses of straw.

Sources: *Hansard*, Vol 162, No 8, cols 870-1; Ministry of Agriculture, Fisheries and Food press notice, 30.11.89.

# SOCIAL AND CULTURAL AFFAIRS

## Government Action on AIDS

**Further government measures to monitor the spread of AIDS and to help those affected by the virus were announced in November. These include a grant of £19 million to help affected haemophiliacs, further grants to AIDS voluntary organisations and the introduction in 1990 of anonymised blood testing for HIV infection. Recent statistics show a steady increase in the incidence of AIDS in injecting drug users and in people infected through heterosexual intercourse.**

### Quarterly Figures

Figures released by the Department of Health in October show that the number of AIDS cases reported in Britain has continued to rise: up to the end of September there were 2,649 cases in total, of whom 1,388 (52 per cent) have died. The comparable figures at the end of March were 2,192 and 1,149 (also 52 per cent). The cumulative figures for HIV antibody positive reports showed that 11,218 people had been reported as being infected, although this figure is considered to underestimate the true number of infected people. Because of the nature of the reporting system, the number of cases reported each month does not accurately reflect the number of AIDS cases diagnosed during the period.

The number of drug users with HIV infection, and of people infected through heterosexual intercourse has continued to grow; although these groups account for only 7 per cent of AIDS cases in Britain they represent a reservoir from which a spread into the general heterosexual population can occur. Over 95 per cent of all reported cases were men, the great majority of whom were homosexual or bisexual. Haemophiliacs made up 6 per cent of the total. About 70 per cent of the reports of AIDS cases came from the four London regions. Because of the long interval between infection with HIV and the development of AIDS, trends in AIDS cases do not indicate the current progress of HIV infection.

To help prevent the further spread of the disease, the Government's anti-drugs campaign, aimed at deterring young people from experimenting with drugs, also seeks to educate all drug users in the dangers of sharing needles or syringes (see p 244). Another campaign, recognising the potential significance of heterosexual spread, is aimed at educating the general population, particularly the young and sexually active, about the continuing danger of HIV infection (see pp 439-40, 1988).

### Monitoring the Spread of Infection

At a conference on HIV infection and AIDS held in London on 24 November, Mrs Virginia Bottomley, Minister of State at the Department of Health, announced that anonymised surveys of HIV infection proposed in 1988 (see pp 438-41, 1988) would begin in January 1990. These surveys would involve the testing of blood for HIV infection from a wide selection of patients who had blood taken for other purposes. The blood would be tested anonymously and it would not be possible to trace the result back to the individual patient.Of the first two studies, one would be based on a number of sexually transmitted disease clinics and the other on antenatal clinics. Later in the year screening would be extended to some general hospitals and to the routine screening tests already carried out on all new-born infants for other purposes.

Mrs Bottomley said that leaflets and posters informing patients about the surveys would be issued and information would be given to hospital and clinic staff to help them answer patients' questions. The surveys would be valuable, she said, in assessing the prevalence of HIV infection in Britain, particularly among the heterosexual population, about whom there was a shortage of information, and would assist in making more accurate predictions of the numbers of people who would become infected. This in turn would help in the planning and targeting of prevention activities and services for those who were infected.

### Funding for Haemophiliacs Infected with HIV

In a statement to the House of Commons on 23 November (*Hansard*, Vol 162, No 3, written answers, cols 11-12), the Secretary of State for Health, Mr Kenneth Clarke, announced the Government's intention to make an additional payment of £19 million to the Macfarlane Trust. Established with government finance by the Haemophilia Society in 1987, the Trust makes payments to meet the needs of haemophiliacs who have been infected by the AIDS virus as a result of National Health Service treatment with contaminated blood products in Britain or to the families of infected haemophiliacs who have died (see pp 434-5, 1987).

Mr Clarke told the House that the true nature and extent of the needs of affected haemophiliacs had become much clearer since the establishment of the Trust and as a result the Government felt that extra resources should now be made available to it. These would bring to £29 million the total payments made

to the Trust. As before, said Mr Clarke, this was not compensation but 'a payment which responds to a particular and tragic situation'.

In making the allocation the Government's two objectives are to enable the Trust to make individual payments of £20,000 in 1989 to each affected individual or to the family of such a person who has died, and to enable the Trust to continue, on a more generous scale, its help to families in particular need. Since payments from the Trust will continue to be disregarded for social security purposes, any social security payments made will add significantly to the overall financial support available to particular families.

### Further Grants for Voluntary Organisations

Government grants to voluntary organisations which are developing a national role or providing innovatory schemes in the AIDS field are expected to amount to some £1·8 million in 1989-90. The grants are intended to help establish the infrastructure and central organisation of these bodies.

In her speech to the AIDS conference on 24 November, Mrs Bottomley announced a number of additional grants totalling £219,000. These were:

– £130,000 to the Mildmay Mission Hospital, which provides hospice-type care and support in the community for people with HIV and AIDS in London;

– £40,000 to AIDS Ahead, which provides support for deaf people affected by HIV and AIDS and acts as a resource to professionals working with deaf people;

– £34,000 to the Institute for the Study of Drug Dependence, which provides a national information service and library on drug misuse and also promotes and undertakes research; and

– £15,000 to the Aled Richards Trust, which provides counselling and support for people with HIV and AIDS in the South West.

In their different ways, said Mrs Bottomley, these organisations illustrated the wide range of services for infected people which had been developed in the voluntary sector. In funding them, the Government was emphasising the importance it attached to joint planning of services between statutory and voluntary sectors.

## Education (Student Loans) Bill

**The Education (Student Loans) Bill, which received its second reading in the House of Commons on 5 December, would empower the Government to provide, in addition to maintenance grants, interest-free top-up maintenance loans for full-time higher education students from autumn 1990. The Bill is designed to share the cost of student maintenance more equitably between students, parents and the state, as well as to promote a stronger sense of self-reliance among students.**

The Bill implements proposals outlined in the White Paper *Top-up Loans for Students*, published in November 1988 (see pp 440-2, 1988). It applies directly to England, Wales and Scotland and may be extended to Northern Ireland.

Looking forward to a very significant expansion in higher education over the next 25 years (see p 31), the Government has announced its intention to readjust the way full-time, publicly funded higher education is financed: the balance of public funding between the block grant to higher education institutions and student tuition fees is to be shifted towards the latter to encourage institutions to compete harder for students, widen access, offer new courses and improve teaching (see pp 210-11).

### MAIN PROVISIONS OF THE BILL

The Bill has two main provisions. It would:

**1** empower the Secretary of State for Education and Science to make available finances for loans for the living costs of students in full-time higher education.

**2** require the Secretary of State to specify the amounts of the loans and the arrangements for repayment, deferment and cancellation. The Bill sets out the basis for calculating the nil real interest rate which would apply to the loans and makes provision for third parties to undertake the administration of them.

Details of the loan scheme, such as the size of the loans, are not the subject of primary legislation; they would be set out in regulations at a later stage.

### PARLIAMENTARY DEBATE

The Bill was given a second reading in the House of Commons on 5 December by 301 votes to 220 (*Hansard,* Vol 163, No 11, cols 179-261).

### Government View

Introducing the Bill, the Secretary of State for Education and Science, Mr John MacGregor, said that it would enable the Government to offer loans as a top up to student maintenance grants. The aim of the provisions was to go some way towards sharing the cost of student maintenance more fairly between the taxpayer, students' parents and students; additionally, the Bill would remove students from the social security benefits system and make them more self reliant. Loans would be made available by commercial banks at nil interest in real terms and repayment would commence in the April following graduation, and then only if the person concerned had an income amounting to more than 85 per cent of the average national wage. The Government intended that maximum full-year loan facilities for 1990-91 would be £460 for students attending institutions in London; £420 for those studying outside London; and £330 for students living at home.

Mr MacGregor went on to say that in autumn 1989, at the start of the new academic year, more than 400,000 higher education students were receiving maintenance grant awards at a cost to the state in real terms in 1989-90 of over £600 million (com-

pared with £236 million in 1962-63). Britain's system of student support was significantly more generous than that of any other comparable country. The Government anticipated massive growth in higher education, with a doubling of student numbers in 25 years. It would not be feasible to expect the taxpayer to bear all the extra costs of student maintenance for these much higher numbers. Hence, the Bill was designed to increase resources available to students and to reduce over time the contribution to students' maintenance made by parents as well as by direct public expenditure on maintenance grants.

### Opposition View

Speaking on behalf of the official Opposition, Mr Jack Straw said that the loan scheme did not supplement the grant system; rather, it would in time substantially replace it, with the real value of the student grant being cut by a half. The Bill would fail to meet the Government's objectives of reducing the burden of student support on the taxpayer, increasing funds available to students and widening access to higher education. Well-off students would profit from cheap loans, while poorer ones would be discriminated against, as loans would increase the cost of a higher education and inevitably lead to a reduction in demand from less well-off people.

## Shorter Note

### EUROPEAN CONVENTION ON CONTROL OF DRUG ABUSE IN SPORT

Britain has signed a Council of Europe convention designed to help tackle the problem of drug misuse in sport. The new Anti-Doping Convention is a British initiative, which builds on previous international measures, including Council of Europe recommendations on out-of-competition drug testing (see p 334, 1987).

The main aims of the new convention are to reinforce the ban on the use of drugs and doping methods specified by the International Olympic Committee (IOC), and to require signatory states to adopt legal and other measures to restrict the availability of prohibited drugs. Furthermore, it seeks to ensure that grants are given only to those sports organisations which have anti-doping regulations, and that financial assistance is available to set up controls. Signatory states are encouraged to establish doping-control laboratories meeting IOC standards, and sports governing bodies are urged to harmonise out-of-competition testing and other anti-doping regulations with those of the IOC. The new convention promotes testing at international events and out-of-competition testing by international sports bodies. It also supports educational campaigns against doping in sport.

The practical application of this convention will be overseen by a monitoring group, comprising one or more delegates from each signatory state, whose duties will include keeping under review the list of banned drugs and doping methods.

Source: Department of the Environment press notice 16.11.89.

# DOCUMENTATION

## General

*British Winners of Nobel Prizes.* COI, No 99/89.

## Government and Administration

*Immigration, Nationality and Passports: A Report on the Work of the Departments 1988-89.* A Home Office report describing the operation of the immigration control system in 1988 and the work of the immigration and nationality division and the passport department. Available from the Home Office Library, Publication Sales, Room 1001, 50 Queen Anne's Gate, London SW1H 9AT. £2·50.

*Report on the Work of the Northern Ireland Prison Service 1988-89.* HMSO, £7·10. ISBN 0 10 200190 1.

## External Affairs and Defence

*The British Council Annual Report and Accounts 1988-89.* Available free from the British Council, 10 Spring Gardens, London SW1A 2BN. ISBN 0 86355 087 8.

## Economic and Scientific Affairs

*Britain's Economy: the 1988 National Accounts* (reproduced from the *Survey of Current Affairs).* COI, No 288/89.

*Autumn Statement 1989* (see pp 465-8). HM Treasury. Cm 879. HMSO, £8·20. ISBN 0 10 108792 6.

*Government Purchasing: Progress Report to the Prime Minister 1989.* HM Treasury. HMSO, £9·50. ISBN 0 11 560028 0.

*Inland Revenue Statistics 1989.* Board of Inland Revenue. HMSO, £15·50. ISBN 0 11 641380 8.

*Board of Inland Revenue. Report for the Year Ending 31st March 1989. One Hundred and Thirty First Report.* Cm 880. HMSO, £13·70. ISBN 0 10 108802 7.

*Future of the Export Credits Guarantee Department.* House of Commons Trade and Industry Committee. Session 1988-89. Third Special Report. Report, together with the Proceedings of the Committee; Minutes of Evidence and Appendices. HMSO, £8. ISBN 0 10 258789 2.

*Training in Britain: A Study of Funding, Activity and Attitudes* (see pp 468-471). Training Agency. HMSO, £10. ISBN 0 11 361280 X.

*Training in Britain: A Study of Funding, Activity and Attitudes (4 Research Reports).* Four research reports produced in connection with the study covering employers' activities, employers' perspectives on human resources, market perspectives and individuals' perspectives. Training Agency. HMSO, £20 (for the four volumes). ISBN 0 11 361279 6.

*Health and Safety: Research and Technological Services 1988-89.* Health and Safety Executive. HMSO, £11·50. ISBN 0 11 885509 3.

*Testing Uniformity and Reproducibility of Reheating in Domestic Microwave Ovens.* Institute of Food Research of the Agricultural and Food Research Council. Available free from the Ministry of Agriculture, Fisheries and Food, Ergon House, c/o Nobel House, 17 Smith Square, London SW1P 3HX.

*Barriers to Takeovers.* A report prepared by Coopers & Lybrand for the Department of Trade and Industry which identifies the barriers to company mergers and acquisitions in the European Community. The report notes that Britain is currently more open to takeovers than many other countries: in 1988 British companies were involved in European Community takeovers valued at £35,000 million, some 73 per cent of the total. HMSO, £200. ISBN 0 11 515213 X.

*Manufacturing into the Late 1990s* (see p 478). PA Consulting Group for the Department of Trade and Industry. HMSO, £20. ISBN 0 11 515206 7.

*British Technology Group.* COI, No 216/89.

*The Government Response to the ACOST Report on Optoelectronics.* The Government confirms its commitment to supporting industrial and academic research in many of the areas identified in the ACOST Report (see p 251, 1988) but does not accept the recommendations for the support of product development or for changes in the regulatory framework for telecommunications (see p 155). Available free from the Department of Trade and Industry, Room 936, Kingsgate House, 66-74 Victoria Street, London SW1E 6SW.

*Agriculture in Scotland: Report for 1988.* Department of Agriculture and Fisheries for Scotland. HMSO, £6. ISBN 0 10 108032 8.

*Department of Agriculture for Northern Ireland. 48th Annual Report of the Department of Agriculture; Year Ended 31 March 1989.* HMSO Belfast, £10·50. ISBN 0 337 05327 8.

*Monitoring of Forest Condition in the United Kingdom.* J. L. Innes and R. C. Boswell (Forestry Commission Bulletin 88). HMSO, £8·80. ISBN 0 11 710277 6.

*Food from Britain: Annual Report 1988-89.* Available free from Food from Britain, 301-344 Market Towers, New Covent Garden Market, London SW8 5NQ.

*Household Food Consumption and Expenditure: 1988.* Annual Report of the National Food Survey Committee. HMSO, £16. ISBN 0 11 242882 7.

*Government Observations on the Sixth Report from the Committee (Session 1988-89) on the Energy Policy Implications of the Greenhouse Effect.* Fourth Special Report from the House of Commons Energy Committee, Session 1988-89. HMSO, £3·60. ISBN 0 10 261189 0.

*Road Accidents Great Britain 1988: The Casualty Report.* Department of Transport. HMSO, £8·75. ISBN 0 11 550935 6.

*Annual Review of Government Funded R & D 1989* (see pp 475-7). Cabinet Office. HMSO, £11·80. ISBN 0 11 430040 2.

*Report of the Science and Engineering Research Council for the Year 1988-89.* Available from the Science and Engineering Research Council, Polaris House, North Star Avenue, Swindon SN2 1ET. ISBN 1 870669 01 0. £6.

*Agricultural and Food Research Council Annual Report 1988-89.* Available free from AFRC, Wiltshire Court, Farnsby Street, Swindon SN1 5AT. ISBN 0 7084 0492 8.

*Medical Research Council Handbook 1989.* Describes all the research supported by the Council. Available from the Medical Research Council, 20 Park Crescent, London W1N 4AL. £8.

*Medical Research Council Annual Report 1988-89.* Available from the Medical Research Council, 20 Park Crescent, London W1N 4AL. £8.

*United Kingdom Nirex Ltd. Annual Report 1988-89.* United Kingdom Nirex Ltd. HMSO, £3. ISBN 0 7058 1545 5.

*Radioactive Waste Management Advisory Committee. Tenth Annual Report.* HMSO, £8·50. ISBN 0 11 752265 1.

*Advisory Committee on Pesticides. Annual Report.* HMSO, £4. ISBN 0 11 242888 6.

*Clean Technology.* A booklet published by the Department of the Environment under the Environment Protection Technology Scheme, which aims to promote awareness of clean technology. It describes case studies in 11 industries where changes to cleaner processes have produced worthwhile environmental and economic benefits. Available free from the Department of the Environment, Room B 357, Romney House, 43 Marsham Street, London SW1P 3PY.

## Social and Cultural Affairs

*Caring for People: Community Care in the Next Decade and Beyond.* A White Paper containing proposals for supporting vulnerable groups in the community. [To be covered in the January 1990 issue of *Survey of Current Affairs.*] Cm 849. Departments of Health, Social Security, Wales and Scotland. HMSO, £8·10. ISBN 0 10 108492 7.

*Capital Charges: Funding Issues – Working Paper 9.* One of a series of working papers issued by the Department of Health, and supplementary to the White Paper *Working for Patients* (see p 120). HMSO, £2·20. ISBN 0 11 321236 4.

*Education Reform in Britain.* COI, No 301/89.

*Higher Education in the Polytechnics and Colleges: Engineering.* Her Majesty's Inspectorate. HMSO, £5·40. ISBN 0 11 270697 5.

*GCE Advanced Supplementary Examinations: The First Two Years.* Her Majesty's Inspectorate. Available free from the Department of Education and Science, Publications Despatch Centre, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

*The Implementation of the National Curriculum in Primary Schools.* Her Majesty's Inspectorate. Available free from the Department of Education and Science, Publications Despatch Centre, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

*Charities in Scotland: A Framework for Supervision.* Concludes that there is a need for a substantial improvement in the supervision of charities in Scotland and contains proposals to provide a proper framework of public accountability for them. Scottish Home and Health Department. Available from the Sales Section, Scottish Office Library, Room 1/44, New St Andrews House, St James Centre, Edinburgh EH1 3SX. ISBN 0 74 800275 8. £1.

*The Government's Review of the Homelessness Legislation.* Available free from the Department of the Environment, 2 Marsham Street, London SW1P 3EB.

*Nature Conservancy Council. Fifteenth Report. 1988-89.* Available free from the Nature Conservancy Council, Northminster House, Peterborough PE1 1UA. ISBN 0 86139 595 6.

*Countryside Commission Annual Report 1988-89.* Available from the Countryside Commission Publications, 19-23 Albert Road, Manchester MI9 2EQ. ISBN 0 86170 228 X. £5.

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